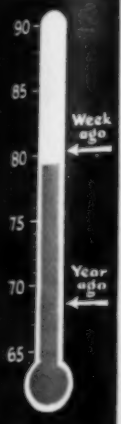


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ANOTHER LABOR ISSUE - Bituminous coal is again tangled in the old argument over wages and hours.

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Blazing new trails to profits with-



ENDURO
REPUBLIC'S PERFECTED STAINLESS
AND HEAT-RESISTING STEEL

Licensed under Chemical Foundation
Patent No. 13,993,78

COUNT ON ENDURO FOR LONG-LASTING COUNTERS

The next time you are in one of the newer post offices, notice the parcel post counters. They probably are ENDURO Stainless Steel—the silvery-white metal that retains its lustrous finish under continuous hard service.



ENDURO "GOES WEST"—HELPS BORAX PRODUCERS

Because of its high resistance to corrosion and its ease of cleaning, ENDURO is being fabricated into crystallizing tanks used in the production of California borax. Borax, like most chemicals, neither affects nor is affected by ENDURO Stainless Steel.



CHURCHES, TOO, FIND USE FOR THIS SHINING METAL

Crosses, spires and other architectural elements on many churches throughout the nation now retain their original shining beauty indefinitely—because they are made of ENDURO Stainless Steel, the metal that is immune to all kinds of weather.



TOUGH ON PEEPERS BUT FINE FOR KEY-HOLES

Key-hole covers—those little discs that protect key-holes and locks from the damaging effects of dirt, moisture, ice, etc.—now stay bright and free from rust and slide open without effort when made of ENDURO—the shining metal that never grows old.



HOT TIPS

FOR THE GAS INDUSTRY

ENDURO Stainless Steel, because of its unusually high resistance to high temperatures, is being widely used for various burner applications, one of the most recent of which is special gas burner tips subjected in service to a temperature of 2300° F.



STRETCHING MONTHS TO YEARS UNDER THE SEA

In marine applications where salt water and salt air in their attack on cables and other items made of ordinary steel have limited life to months, ENDURO, Republic's Perfected Stainless Steel, is affording new life expectancy—not of months but of years.



FRESH VEGETABLES PLUS ENDURO EQUALS FAST SALE

Vegetable display racks of ENDURO Stainless Steel are increasing profits for grocery and vegetable stores. The shining beauty of ENDURO that makes fresh vegetables look fresher lasts indefinitely—because it is not affected by vegetable and fruit juices.



SUB-ZERO TEMPERATURES?

ENDURO RESISTS THEM, TOO. Because of the tremendous importance of the heat-resisting properties of ENDURO, little has been said about sub-zero applications—but at temperatures where ordinary metals would embrittle—even at 300° below zero F.—ENDURO is strong and tough.

Republic Steel
Corporation

GENERAL OFFICES . . . CLEVELAND, OHIO
ALLOY STEEL DIVISION . MASSILLON, OHIO

For beauty, sanitation, corrosion-resistance or heat-resistance—with high strength and long life—no matter what you make—consider ENDURO Stainless Steel, trail blazer to better products and bigger profits. Write today for full information.

When writing Republic Steel Corporation for further information, please address Department BW

FEBRUARY 27, 1937

New Business

MORE years ago than the ever youthful Hon. Jimmy Walker would care to admit, he wowed the nation with a popular song, "Will You Love Me in December as You Did in May?" American Can resurrects it as theme song, so to speak, of its study on consumer acceptance. In May, 1936, 18.9% of families interviewed revealed devotion to beer in cans; in December, 1936, 22.6% answered the song's inspired query with an affirmative which sounded like sweet music to American Can's executives.

HIGH humanitarianism and smart business are not always as apparent as in General Electric's recent announcement that its every district and local office in the flood areas will maintain a free supply of publications on how to restore flooded electric equipment to service.

"THE Cosulich Line has passed out of existence. The *Saturnia* and *Vulcania* are now ships of the Italian Line." Thus reads an announcement banishing from the seven seas a family name identified with world shipping for two centuries. But at least two brothers Cosulich maintain high executive positions in the Fascist merchant marine.

ALL-TIME high in the merchandising of intangibles must have been achieved when Tel. & Tel's. Bell Lab. arranged some time ago to sell the standard 60-cycle pulsations of its quartz crystal to the public utilities for checking purposes and then made similar arrangements with radio broadcasters to sell them standard 4000-cycle pulsations.

WHEN an interstate truck haul is contemplated and visions of conflicting state laws on weights and dimensions rise in the harried mind, consult the new promotion piece of Fruehauf Trailer Co., Detroit, a compact slide rule giving all state requirements plus data on tire capacities and a chart for figuring load distribution.

DINNERS and early-evening parties make quick-change problems for women who work or shop till the last daylight hour. Saks Fifth Avenue of New York suggests a solution that will interest other department stores. A special \$3.50 service includes a pick-me-up

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YOUR next forward step in restyling may mean a new design from the ground up. Or it may call for nothing more drastic than a change to a new and more eye-filling complexion.

In either case, a Ferro Facial may be just the modern treatment your product is looking for. It's no universal cure-all, of course. Yet changing over to a lustrous new finish of Ferro Porcelain Enamel has given hundreds of metal products a new lift in sales appeal, upped sales volume as much as 400 per cent in some instances, and more often than not has contributed directly to better profits through lowered production costs.

One of Ferro's experienced ceramic and metallurgical engineers will be glad to discuss your problem with you at any time, without obligation.

FERRO *porcelain* **ENAMEL**

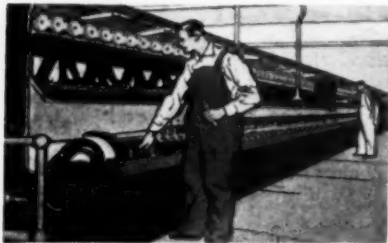
FERRO CHECK is known the world over as the symbol of the most rigid laboratory control over both raw materials and finished products in the enameling industry.

FERRO ENAMEL CORPORATION
CLEVELAND, OHIO

Sightseeing WITH BAKELITE* *Textile Industry*

THE weaving and knitting of textiles, numbered among the oldest of the arts and crafts, is a very different process today compared with a few generations ago. Fabrics that were once slowly and laboriously made with crude, manually operated spinning wheels and looms, are now woven or knitted finer, better and far more quickly and cheaply on modern high speed, automatic textile machines.

In the highly efficient textile machinery developed within the past few years, the use of Bakelite Materials has played a most important part. In some instances these materials provided the smooth, flawless finish required to prevent thread breakage; in others, the extra margin of strength necessary for high speed operation; in still others, greater resistance to moisture, steam, and various chemicals and dyes. The textile industry applications are so numerous that only a few interesting ones can be pictured here.



Rayon Spinning—On Wicaco Spinning Machines the spinning pots operating at 6,400 R. P. M. and compartment covers are formed of Bakelite Molded.



Thread Winding—Guide wheels, pulleys, drums and package holders of Bakelite Molded greatly diminish the chance of broken threads on Universal Winders.

*Trade Mark Reg. U. S. Pat. Off.

Bakelite Corporation, 247 Park Ave., New York
Bakelite Corp. of Canada, Ltd., 161 Dufferin St., Toronto

Continued on page 42

beautifying job, space to make a change into glad rags, and delivery of a suitcase of abandoned daytime togs to the customer's home.

FRANK M. BENDER, general manager of White Motor Co., preaches trucking but practices flying. "Practices" is hardly the word since he holds a transport pilot's license and has more than 1,000 hours flying behind him as he



Business Week

takes off in his Stinson cabin ship to cover his business appointments by the air route. His ship has been used on an average of twice a week for the past year. Mr. Bender started flying for business when he was general manager of the Lycoming Manufacturing Co., airplane engine builders, several years ago.

LATIN-AMERICAN industrial displays will be a feature of the Greater Texas and Pan-American Exposition, starting at Dallas June 12, as the 1937 successor to last year's Texas Centennial. Since the Buenos Aires good-neighbor demonstration, the Texans have sent Dr. Roscoe R. Hill, former economic adviser on Latin-America for the State Department, to 16 Central and South American capitals to promote Pan-American participation in the Dallas show.

COUNT the bankers among those who realize that the iron is hot for advertising at this recovery stage in the business cycle. A survey by the Financial Advertisers Association has shown that 40% of the banks and trust companies are planning to increase advertising expenditures in 1937, with an average increase of 28% over last year.

CANADA is after more South African business. The Dominion government has just agreed to subsidize to the amount of \$7,000 for each monthly trip a new steamship service between Vancouver and South African ports. The ships will go by way of the Straits of Magellan. Lumber is the major export from Canada to South Africa. More than 65,000,000 board feet were shipped last year. Five years ago the total was only 15,000,000.



ERIE BUYS AN ICEBERG

● To protect fresh crisp vegetables, ripe juicy fruits and other perishable foods, Erie buys more than nine and a half million pounds of ice a month! Here is a full-size iceberg—purchased to guarantee Mr. and Mrs. Easterner the cream of the crop for their table and Messrs. Shipper, Wholesaler and Retailer more profit from their business.

Long trains of refrigerator cars thunder eastward over Erie tracks on fast schedules. It's always "clear block" for perishables. That's why the Erie carries more western fruits and vegetables to New York and New England markets than any other railroad.

Shippers of other products get the same fast, sure freight handling service. You, too, can save money if you will specify "via Erie" on both outgoing and incoming freight.

Travel
the Scenic Erie
...between New York, Binghamton,
Elmira, Buffalo, Chautauque Lake,
Youngstown, Cleveland, Akron, Chicago.
AIR-CONDITIONED TRAINS
EXCELLENT MEALS • FINEST
SERVICE • LOWEST FARES



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Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Under cover of the battle over President Roosevelt's proposal to enlarge the Supreme Court, New Dealers are still at work on details of laws for federal regulation of wages, hours, and conditions of labor—to cope with the industrial situation—and for attainment of the Roosevelt ideal of crop control, commodity price maintenance, and holdover of surpluses against years of shortage—to stabilize the agricultural outlook.

Only One Eye on Court

Details of these two measures are affected only slightly by the veering fortunes of the court-packing fight. They are designed to meet some of the constitutional objections the Supreme Court had to both NRA and AAA, particularly the former. The Administration realizes new laws cannot reach the full wingspread of the Blue Eagle, for even six additional justices would not be sufficient to overturn the Court in such cases. Stone, Brandeis, and Cardozo all held that NRA exceeded existing federal powers.

Evolution—If No Revolution

Win, lose, or draw, New Dealers find comfort in the realization that the Supreme Court personnel must change. Deaths and retirements are probable, almost certain, before the new laws can be worked out, passed by Congress, and litigated up to the High Bench, regardless of the success of President Roosevelt in the present drive.

No Action Now

New Dealers are not hurrying. They face a difficult problem and mean to take their time. Moreover, they know that the vehemence of opposition to the President on the court issue means protracted debate—considerable delay—in the Senate. Thus, even if their new measures were ready the President would not inject them into the present situation for two reasons: (1) He wants the Court battle fought out with as little delay as possible; (2) he knows that the mere proposal of measures which might be upheld by the present Court would hurt his proposal to pack the Court for new bills that were just possibly constitutional, would furnish his opponents with effective ammunition.

Now Playing

Calmly ignoring the Great Atlantic & Pacific Tea Co.'s demand for a full bill of particulars on its alleged infractions of the Robinson-Patman Act, the Federal Trade Commission

BACK TO THE PRELIMS

Samuel Becker, borrowed from the LaFollettes 18 months ago to act as special counsel for the Federal Communications Commission in the American Telephone & Telegraph investigation, will return to Wisconsin next month without having landed a real punch. The spending money is gone except for tailings with which FCC will carry on into spring, studying manufacturing costs and setting up a small staff to keep tab on phone rates. A.T.&T. emerges from the investigation practically unscathed, except for \$12,000,000 in rate reductions, which is small change.

orders the big chain, against which the law was chiefly aimed, to appear for the taking of testimony Mar. 1 in Cambridge, Md. Baltimore, Rochester, and New York are booked for later dates, and before the show closes it will probably negotiate a circuit as extensive as that covered by FTC's other big hit—the Goodyear action of 1933-35. Hearings on the Standard Brands case will start simultaneously. All respondents are taking strong defense measures, the Bidle Co., for example, having enlisted the aid of counsel from Donald Richberg's Washington law office.

Distribution Cost Study Due

Federal Trade Commission expects a blessed event next week. Its 2,000-page report on agricultural income has been completed, will not be delayed to include data withheld by National Biscuit Co. Fines of \$22,000 have mounted up against the company, which was ordered this week by a district court in New York to submit required data for a supplementary report. Omission of National Biscuit material will not be obvious as the report has ample ground to cover in discussing the distribution picture for cotton, corn,

milk, tobacco, potatoes, and meat products.

Housing's Horizons Cramped

Senator Wagner's new housing bill, carrying a cash-to-credit ratio of 1 to 20, doesn't furnish any prospect of a splurge in public housing. The bill is an attempt to compromise present economy with future vision. Out of \$50,000,000 appropriated for grants, none would become available until July 1, 1938, when \$6,250,000 would be released. One billion would be available for loans, beginning with \$200,000,000 this year. The actual amount of subsidy to an individual project is left open, inviting trouble in administration.

Flank Attacks on Steel

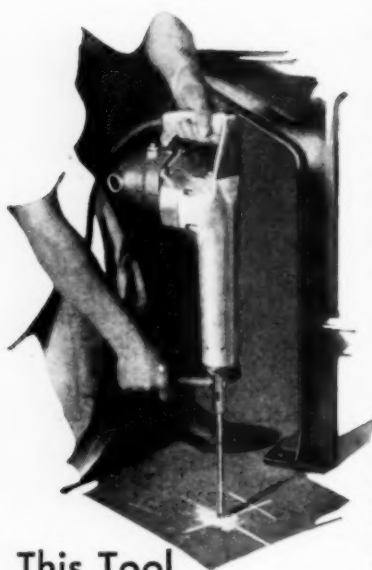
Steel prices, pet peeve of the Administration long before the industry dodged Walsh-Healey requirements by refusing to sell to the government, are very likely to become a target again. The revival by Senator Wheeler of his anti-basing-point bill is threat enough, but even more disturbing is the President's interest in the suggestion of the Bureau of Business Research, University of Pittsburgh, that an impartial commission be set up to report to Congress on the price problem from the standpoint of public policy—a potential little bombshell generally overlooked in the stir created by the university survey's finding in favor of vertical unionization in steel.

Aid for Lewis

Guffey-Vinson coal control bill will be rushed through Congress, strengthening John L. Lewis' hand in negotiations with operators for a new wage contract. If the government enforces firm prices for coal, it follows pretty plainly that the United Mine Workers will be able to force concessions. Minus wage and hour provisions, previously upset by the Supreme Court, the new bill rests on the hope of a decision approving price provisions, on which the Court reserved judgment.

Evolve Rail Pension Plan

Substantial agreement reached by railroad management and labor executives on pensions will avert another Supreme Court test of the law by substituting a revised system on a contract basis. Extension of the payroll taxing law, expiring Feb. 28, is simply a precautionary step, for railroads will not carry the attack beyond the decision which they have already won in the District of Columbia Federal Court declaring the act unconstitutional. Transfer of Murray W. Latimer to the Social Security Board is regarded in some quarters



**This Tool
Drills Concrete
8 times as fast
as these**



INCREASING the output of your workers is largely a matter of placing the right tools in their hands—which is why you should know about recent developments in Black & Decker Portable Electric Tools. One example is the new Electric Hammer (illustrated) which saves many hours on such jobs as channeling, drilling, chipping and scaling. Our new catalog will bring you up-to-date on new electric tools and new cost cutting uses. Address: The Black & Decker Mfg. Co., 745 Pennsylvania Ave., Towson, Md.

Black & Decker
BLACK & DECKER

World's Largest Manufacturer of

**PORTABLE
ELECTRIC TOOLS**

as anticipating liquidation of the Railroad Retirement Board.

Gelding the Security Kitty

"Pay-as-you-go" plan of social security will come with the inclusion of domestic and farm labor. The principal argument of those who defend the present full reserve system is that a "pay-as-you-go" plan would thrust disproportionate share of the cost on 50% of gainfully employed persons not covered by old age benefit plan. With a long session ahead, it's likely now that the Vandenberg-Byrd-Harrison study will produce revision of the law before Congress adjourns.

Lesson No. 1

New Deal social workers who have never bothered to familiarize themselves with practical politics are being given night courses by the old hands on Capitol Hill. For example: Frank Bane, executive director of Social Security, acquired a reputation among legislators of preferring Republicans to Democrats in making appointments. Now the Senate Appropriations Committee has cut his salary \$500.

Power Policy Long Way Off

Much water will flow over Bonneville Dam before a final decision is reached on the method of marketing its surplus power—still more before a national power policy is put down in black and white. Ickes' special committee has labored and brought forth a mouse by simply recommending appointment of an interim administrator for Bonneville, failing to settle two primary power policies: How will surplus be carried to markets? How will costs be calculated? Although particularly ticklish in the Pacific Northwest, the same problems face every other "yardstick" plant and must be settled before power producers and consumers can read the future.

Insure FCA Timber Loans

Forest fire insurance on privately owned turpentine timber will be written by fire companies to protect Federal Land Bank loans under a plan finally completed by the Farm Credit Administration, partially effective at present in South Carolina, Georgia, Florida. The government will control destructive practices of producer-borrowers. Southern paper pulp industry expects a similar application.

Persona Grata Plus

Distillers shrewdly look forward to excellent public relations—throughout the country in general and Washington in particular—as a result

of the selection of W. Forbes Morgan as their new czar at \$50,000 a year. Morgan's first wife was Mrs. Franklin D. Roosevelt's aunt. He happens also to be a close friend of Mrs. James Roosevelt, the President's mother, and the son-in-law of Robert Jackson, former Democratic National Committee-man from New Hampshire and Roosevelt wheelhorse in the "before Chicago" period. Outside of that his only claim to a fair hearing anywhere he might happen to go in Washington is that he has been money raiser for the Democratic National Committee for the last few years.

Trade Deterrent

Almost lost sight of in the Supreme Court fireworks, the Neutrality Bill shapes up ultimately as a compromise with basic agreement on the President's discretionary power to specify which articles in addition to "arms, ammunition, and implements of war" shall be embargoed, but *not* as between belligerents. Critics insist this will do wonders in stimulating the armament race and restricting trade. They point out that nations like Britain must be sure of supplies should war break, cannot take the chance of depending on a country which may embargo them.

Lone Star Wanes

Texas' long hold on House committee chairmanships is weakening. The death of Buchanan gives the leadership of House Appropriations to Colorado, and with the elevation of Rayburn California has already copped off the Interstate and Foreign Commerce committee chairmanship. The South's grip through seniority was riveted in Harding and Coolidge landslide days, when few Democrats except Southerners were able to survive.

Tough on Old-Timers

With 78-year-old Edward Taylor, of Colorado, succeeding to the chairmanship of the back-breaking House Appropriations Committee, the embarrassment of Robert Doughton, 73-year-old chairman of the Ways and Means Committee, over the President's castigation of senility may be tempered somewhat. But the unkind cut still smarts, for he was planning to run for the Senate against the comparatively youthful Senator Reynolds. So was former Senator Cameron Morrison, whom Reynolds defeated in 1932. Both Morrison and Doughton, tarheels explain, are now so deeply branded as graybeards that Reynolds has the edge. And Reynolds' kissing Jean Harlow and endorsing cigarettes don't do him any harm.

FEBRUARY 27, 1932



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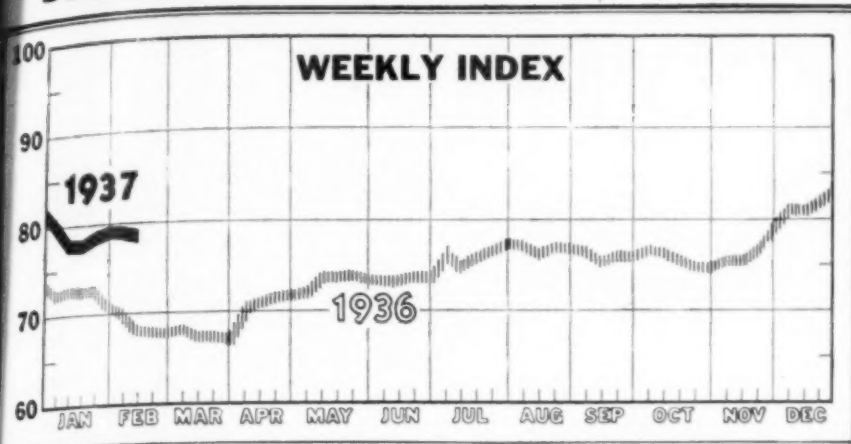
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BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	*79.1
Preceding Week	†79.7
Month Ago	78.6
Year Ago	68.5
Average 1932-36	61.7

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity).....	82.5	81.6	77.9	52.9	37.9
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)...	\$9,959	\$10,007	\$8,860	\$7,285	\$4,834
Engineering Construction Awards (Engineering News-Record, daily average)...	\$12,030	\$8,512	\$7,467	\$6,992	\$4,428
*Bituminous Coal (daily average, 1,000 tons).....	*1,678	†1,634	1,689	1,746	1,375
*Electric Power (million kw.-hr.).....	2,212	2,200	2,257	1,942	1,665

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Carloadings (daily average, 1,000 cars).....	115	113	117	105	95
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	73	71	73	60	58
*Check Payments (outside N. Y. City, millions).....	\$4,479	\$3,998	\$4,819	\$4,114	\$3,140
*Money in Circulation (Wednesday series, millions).....	\$6,351	\$6,360	\$6,339	\$5,771	\$5,550

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.38	\$1.44	\$1.36	\$1.11	\$79
Cotton (middling, New York, lb.).....	13.03¢	13.09¢	13.03¢	11.35¢	9.90¢
Iron and Steel (Steel, composite, ton).....	\$36.71	\$36.67	\$36.59	\$33.54	\$30.91
Copper (electrolytic, Connecticut Valley basis, lb.).....	14.400¢	13.333¢	13.000¢	9.250¢	7.495¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	206.7	206.5	206.6	169.1	128.5

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Bond Yields (Standard Statistics, average 45 bonds).....	4.26%	4.21%	4.14%	4.21%	5.22%
Interest Rates—Call Loans, Renewal, N. Y. Stock Exchange (daily average)...	1.00%	1.00%	1.00%	.75%	1.25%
Interest Rates—Prime Commercial Paper, N. Y. City (4-6 months).....	.75%	.75%	.75%	.75%	1.63%
Business Failures (Dun and Bradstreet, number).....	203	172	163	210	405

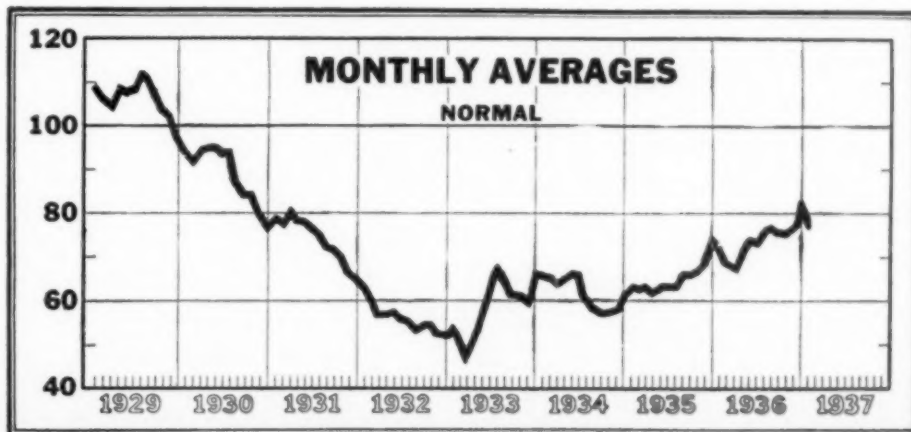
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,478	2,477	2,468	2,505	2,302
Excess Reserves, all member banks (Wednesday series).....	2,190	2,180	2,130	3,045	1,325
Total Loans and Investments, reporting member banks.....	22,589	22,555	22,657	21,100	19,407
Commercial Loans, reporting member banks.....	4,606	4,588	4,560	3,701	#
Security Loans, reporting member banks.....	3,213	3,227	3,210	3,144	3,930
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks...	10,317	10,337	10,491	9,923	#
Other Securities Held, reporting member banks.....	3,304	3,254	3,243	3,186	#

*Factor in Business Week Index. *Preliminary. †Revised. ‡New Series, Excluding Real Estate Loans. §Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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Burroughs

SHORT-CUT KEYBOARD



FEWER OPERATIONS

1	0.4	5
2	5.6	0
3	1	5.2
		3.9
	1	0.4
6, 7	1	2.7
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	3	0.6
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The Burroughs Short-Cut Method is simple and practical. It saves operations in handling both small and large amounts. With fewer operations the work goes faster. With less to do, there is less chance for error.

Let the Burroughs representative show you in your own office and on your own work what these savings can actually mean to you. Telephone the local Burroughs office today. Or, if you prefer, write for free, illustrated booklet entitled "Short-Cuts That Save Valuable Time."

BURROUGHS ADDING MACHINE CO.
6032 Second Boulevard, Detroit, Michigan

**ADDING, ACCOUNTING, BILLING
AND CALCULATING MACHINES
CASH REGISTERS • TYPEWRITERS
POSTURE CHAIRS • SUPPLIES**

SAVES

60 OPERATIONS IN LISTING AND ADDING THESE 16 AMOUNTS

- ① Because two or more keys, together with the motor bar, can be depressed simultaneously on the Short-Cut Keyboard, thus completely adding or subtracting the amount in one operation.
- ② Because ciphers print automatically. There is no need for a cipher key on the Short-Cut Keyboard.

For example—the first amount (\$10.45) was listed and added by depressing the "1" key, the "4" key, the "5" key and the motor bar—all in one single operation. The cipher printed automatically.

Had each key and the motor bar been depressed separately—and had there been a cipher key to depress—it would have required 78 operations instead of 18 to list and add the 16 amounts shown on the above tape . . . thus, Burroughs saves 60 operations on this one typical job. The total is obtained in a single operation.

Think how many needless operations Burroughs Short-Cut Method saves in handling hundreds or thousands of amounts. Think how much time and effort it could save in your business. Investigate today!

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The Business Outlook

Symptoms of the boom phase of recovery are multiplying. Strikes, higher wages, higher prices, increasing productive activity, reports of record earnings, governmental efforts to curb security speculation, criticism punctuated here and there with misgivings, are making regular appearances on the business bill of fare. This week was no exception. Sitdown strikes, the new technique in labor strife, popped from coast to coast, affecting such well-known plants as that of Douglas Aircraft in California, Howell Publishing in Ohio, and Electric Boat, submarine builders, Connecticut.

More Wage Increases

Several New England shoe plants decided to the 15% wage increase demanded by unions this week rather than jeopardize the Easter business. Sixteen non-operating railroad unions covering 800,000 men moved to demand a wage increase which (with that recently proposed by the Brotherhoods and Switchmen, covering 300,000 men) comprises the most sweeping drive in the history of the industry. Steel unions are deferring their demands on steel until later in April, evidently awaiting the outcome of current negotiations in bituminous coal before tackling steel.

Copper Out Front Again

In the metal markets, chief interest again centered in copper, which pushed itself precariously higher on the strength of London's speculative mania, fed by recent announcements of Britain's huge rearmament program and ignoring the wide-open signals set for production.

Will Steel Go Higher?

Rumors that steel prices are headed for some upward revision for the second quarter following recent increases posted for scrap steel, pig iron, and coke will not be downed. Operations have been stepped up to 82.5% of capacity, the highest since October, 1929. Deliveries continue to be a problem. Most mills are uninterested in the Navy's problem of securing steel under the Walsh-Healey regulations. Government business is only small fry now compared with requirements for private enterprise.

Confident Oil Industry

Crude oil production is hitting new highs each week, but the industry is not concerned particularly about the growing stocks of gasoline which may reach a new peak of 78,000,000 bbl. by the end of March because the consumption prospects remain favorable—standing at about 8% better than last year.

BIG TRUCKERS

The first census of the motor trucking industry reveals a surprising concentration of business in the hands of a few concerns. In 1935, 1.5% of the total concerns operating (904 out of 61,216) received nearly half the total revenue, operated nearly 30% of all trucks, and paid out 53% of the total payroll. Half the country's trucking business was centered in the row of Northeastern states stretching from Wisconsin to New York.

Post-Flood Business

Rehabilitation in flood-affected areas is getting under way, though the losses involved are being pared substantially from the first wild guesses. Store fixtures loom as more important prospects for replacement business than stocks, which in large measure were removed to safer quarters. Manufacturers in the area were hit harder than distributors. Railroads are gradually lifting embargoes on freight destined for the flood area. Consumers are active in replacing the small household necessities as well as more durable consumer goods.

Outlook for Construction

This week's construction volume was dominated by the \$50,000,000 contract for electrification of the Pennsylvania Railroad between Harrisburg and Philadelphia. First returns on home building in the first two weeks of February reflect some falling off from the high January average, but contracts signed to date are higher than in the entire month of February, 1936.

Auto Industry's Comeback

The motor industry is now approaching peak production, with the last vestiges of strike curtailment disappearing. Even the January output was much better than the trade had anticipated, bettering last year by 6% and ranking just behind 1929 as the

best January on record. That the output for the first quarter will eclipse that of last year now seems to be unquestioned.

Newspaper Advertising Lags

After the 1936 last-quarter spurt in newspaper advertising, which was induced no doubt by the tax on undistributed earnings as well as general business improvement, January looked like a setback, being only 3% greater than last year. Automotive advertising in newspapers fell off sharply, the natural effect of the strike at General Motors. Magazine advertising, too, fell off from the December heights, but a margin of nearly 9% over a year ago provided a fair take-off for the year.

Stores Are Modernizing

Perhaps the reason why department stores have not expanded their advertising schedules as much as increased sales would seem to warrant was that they are putting their money in modernization programs. Retailing has just completed a survey of the small and medium-sized department stores throughout the country, uncovering a surprising amount of contemplated activity. Lighting equipment, show cases, counters, escalators, elevators, tube systems, office equipment, machinery, floor covering, air conditioning, delivery equipment, windows, store fronts, and additions are likely purchases in 1937.

Farmers Sail High

Farmers started off the year with 14% more cash income from the sale of farm products than they received a year ago January, or \$626,000,000 against \$550,000,000. Such an auspicious start augurs well for the farm equipment manufacturers, whose sales follow closely the trend of farm income.

Wholesale Prosperity

Wholesalers did an estimated volume of business last year of \$52,070,000,000 compared with \$44,463,000,000 in 1936, a gain of 17%. Durable goods sales were conspicuously higher, leaders including lumber and construction materials, up 37%; plumbing and heating equipment, up 36%; electrical goods, up 30%; machinery equipment and supplies, up 29%.

One Tire Obstacle

Tire makers are cleaning up the last obstacles to more profitable operations by attempting to eliminate the guarantee against road hazards on tires, estimated to cost close to \$10,000,000 a year. A further price increase is also being considered, to cover recently granted wage increases.

Production Profitably Increased and Power Cost Reduced \$1462 Yearly

THE Blue Diamond Coal Company lowers coal down a 3000-foot mountainside at its Bonny Blue Mine, at Bonny Blue, Virginia. The necessity of frequently taking out time for replacing worn-out brake linings and making other repairs, as well as heavy snows and icy conditions in winter, constituted an extremely difficult operating problem. The management asked G-E engineers to help them solve it.

Solution:

A different type of 600-hp motor and a different type of control for the existing hoist. This change provided regenerative braking, positive speed regulation, and *dependable* hoist operations under all conditions.

Results:

Increased production and reduced costs. It is difficult to segregate the amount of money made through increased production; but it is known that, on power consumption alone, \$1462 is being saved each year.

This is typical of the results that are obtained when operators ask the help of G-E engineers in finding a profitable solution of their electrical problems. If you have a problem in your plant, or an opportunity for improvement, consult the nearest G-E sales office. It will pay you. General Electric, Schenectady, N. Y.

Any reputable electric equipment will operate — *but* you obtain the greatest possible profits only when the *correct* equipment is skillfully applied to your job.

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FEBRUARY 27, 1937

early **Steel Strike—When and Where?**

Industry wonders whether Lewis will concentrate on Carnegie-Illinois or make a general attack. There are rumors of a peaceful agreement with the union.

The steel ingot operating rate is at a new peak since '29, markets are expanding, new capacity is being built and profits are up, but these cheering facts don't bring much of a smile in Pittsburgh and Gary these days. The overshadowing question discussed daily is when and where John L. Lewis, through his Steel Workers Organizing Committee, will stage a strike to try to gain in steel what he already has in coal.

Steel men frankly were surprised when Lewis took the play away from them and shifted it to General Motors at Detroit. Most of them aren't too pleased with the G.M. strike settlement and see themselves snarled in an even more titanic struggle before many weeks have passed. They are busy figuring out the strategy which Lewis may employ.

At Detroit it was Lewis's policy to shut down General Motors and see that nothing interfered with operations of competitors. The natural assumption would be that he might try the same tactics in steel by directing his attacks solely on Carnegie-Illinois, United States Steel's biggest subsidiary. Carnegie-Illinois has about 80% of Big Steel's ingot capacity; by closing down key plants Lewis might effectively bottle up production and let other companies run away with the available tonnage.

Range of Trouble a Quandary

There are divergent opinions on whether Lewis will pick out Big Steel or tackle an industry-wide strike. S.W.O.C. has spent more time by far on Carnegie-Illinois than on any other company. On the other hand, it is reliably reported to have mapped a definite plan. It doesn't intend to go off half-cocked, as the United Automobile Workers did when they struck at General Motors with admittedly a minority of the workers in their ranks. It is lying low until it is sure it has a majority of the steel workers signed up (there are about 450,000 in the industry, and S.W.O.C. now claims 150,000).

When or if it gets the desired majority, it will call a national convention at Pittsburgh, probably in April, for-

mulate demands, elect officers, and ask the American Iron & Steel Institute for a bargaining conference to discuss recognition. After being told the institute is not vested with bargaining powers, S.W.O.C. will make demands on individual companies. Such demands are likely to include a \$5 a day minimum wage, 40-hour week, seniority rights and sole bargaining power for all employees.

A sitdown strike may be all right in an automobile plant where there is plenty of heat, light, and comfortable cushions and most buildings are near the street, but it would be a little hard on the boys in cold clammy steel mill buildings, many with open ends. In

addition it would be difficult to pass in food because most mill buildings are set back a quarter to half a mile from the gates. The orthodox type of strike with picket lines, the S.W.O.C. strategists feel, might be better.

Yet it wouldn't surprise anyone if crane operators parked their cranes at one end of a mill or yard and refused to come down from their lofty perches, thus instituting a sit-up strike. S.W.O.C. has many crane men in its ranks. Inability to use cranes would tie up any steel plant in a hurry.

S.W.O.C. hints that if demands are made on individual steel companies, and managements want to know whether the union has any strength, a one-day sitdown might convince them. If they don't see the light then, a real strike would quickly follow.

The union is doing everything possible to try to discredit employee representation plans, at the same time electing as many men as possible to their councils and then harassing the

THE UNION COMES TO TRENTON AND ROEBLING

Workers IN ROEBLING'S CRESCENT WIRE **Know Your Rights!**
American Steel & Wire

The President wants You to Join the Union.

The National Labor Relations Board, official U. S. Government agency created by the last session of Congress, has legal power to hold an election in your plant, to let the workers decide for themselves which organization is their collective bargaining agency.

This is how the 11,000 General Electric workers in Schenectady, N. Y. joined themselves into the United Electrical and Radio Workers of America. You, too, can do likewise.

The Steel Workers' Organizing Committee

A Message to You
from the
PRESIDENT!

No postage required

Use this Envelope for your reply.

Application Form

1. Tear out carefully.
2. Seal and mail in attached envelope.

AMALGAMATED ASSOCIATION OF IRON, STEEL AND TIN WORKERS OF NORTH AMERICA
(Steel Workers Organizing Committee)
1208 GRANT BUILDING, PITTSBURGH, PA.

E. J. LEVER, Field Director
Philadelphia, Pa.

Write _____

I hereby accept membership in the Amalgamated Association of Iron, Steel & Tin Workers.

INVOKES PRESIDENT'S APPROVAL—Justifying his use of the President's authority in recruiting members for the Amalgamated Association of Iron, Steel & Tin Workers of North America, E. J. Lever, field director of the union, at Trenton, N. J., cited Mr. Roosevelt's approval of the Wagner Act for distributing circulars proclaiming, "The President Wants You to Join the Union."

managements with wage and hour demands.

Steel circles were agog last week when a survey by the Bureau of Business Research of the University of Pittsburgh which was financed jointly by the Falk Foundation of Pittsburgh and the Brookings Institute recommended that (a) steel workers should be organized nationally, (b) the industry's operations are such that vertical rather than craft organization is called for, (c) workers should be accorded the unrestricted exercise of liberties of self-expression and participation in measures affecting their welfare. This bombshell, hurled at the industry by friends instead of enemies, was delightedly welcomed by the S.W.O.C.

It is vaguely hinted that, strange as it may seem, the steel people and Lewis might find it possible to talk the same language and thus avert a disastrous strike.

Chrysler Next

Union hopes for concessions to use in slow-moving parleys with General Motors management.

DETROIT (*Business Week Bureau*)—Negotiations between General Motors and the United Automobile Workers to settle questions arising out of the recent strike went along at a fair pace. Tentative agreements were reported on seniority, methods of pay, and speed of production, with details not completely worked out.

Up to this week, the union has been suspected of stalling in the hope that it could gain concessions from Chrysler to use in bringing pressure on G.M. Chrysler conferences begin next week.

The union hasn't much chance of winning an annual wage for G.M. workers, but it still is plugging for a guaranteed minimum. Its best bet seems to be a proposal for a high minimum hourly rate which will enable a workman to earn enough in 10 months to tide him over two months of idleness during tooling time.

While the union plumped for seniority based on length of service alone, the corporation has stuck by the rules set up by the former Automobile Labor Board. These call for seniority on the grounds of (a) number of dependents, (b) value of worker to the company, and (c) length of service.

Two Arbitration Methods

The union has asked for a national board to pass on grievances, the board to consist of two men from G.M., two from the union and a fifth neutral member. G.M. thinks a simpler and more effective method would be to have complaints taken up by a worker



Wide World

or his representative with his foreman and then, if necessary, carried on up the line.

Probable solution of the highly controversial issue of the speed-up will be to leave it to be worked out by local union committees in consultation with local plant managers, as it is essentially a local matter. The present policy of working 40 hours a week, with time-and-a-half for longer service, is not likely to be altered, although the union would like to get the basic work-week down to 36.

Dodge Union Strong

The U.A.W. on Wednesday made demands on Chrysler Corp. for recognition as the sole bargaining agency in all its plants. It long has claimed that the Dodge local was the biggest in the industry and it has considerable strength also at Kercheval and Plymouth plants. It has called on its Dodge membership several times for impressive mass picketing at various plants where strikes were in progress, notably at Briggs' Meldrum plant recently. Almost half of Chrysler's operations are concentrated at Dodge, which makes parts for all of the corporation's divisions. The union probably will be satisfied with "de facto" recognition, as in the case of General Motors.

More Super-Planes

32-passenger ships ordered; huge accessory factory and seaplane base are planned.

THICK and fast, notices of aviation expansion poured into the business hopper this week, fulfilling the prediction

(*BW*—Feb 6 '37, p 40) that the flyers face their biggest year in 1937.

Sole sour note was the sitdown strike at the big Douglas plant in Santa Monica, Calif., where 5,600 employees had been turning out the great Douglas airliners and other craft. Douglas has about \$25,000,000 in unfilled orders on its books, and recently got wide attention with its DC-3, which carries 21 passengers and is now in use on major airlines, including United's "extra fare" flights between Chicago and New York City.

Highest point yet reached in super-capacity planes was found in Transcontinental & Western Air's announcement this week of 32-passenger ships. TWA signed an order for six huge four-motored transports, to be built by Boeing in Seattle at a total cost, including equipment, of \$2,043,000. They will go into service about a year hence, and will fly at around 20,000 ft. TWA also took an option on 17 more planes of the same type.

Another angle of the expansion program has to do with accessories. Still another is the need for bigger and better airports. Prominent in the news of the week was Bendix Aviation's announcement that a huge accessory factory would be built at Teterboro, N. J., adjacent to the big airport there. Within four months, it is hoped, the \$3,000,000 plant will be turning out parts and equipment.

At Bethpage, Long Island, N. Y., the Grumman Co. is completing its new factory (picture, page 60) for construction of six types of naval aircraft and a new twin-motored amphibian designed for commuters' use. At North Beach Airport, in Queens, N. Y., things are stirring following the preliminary an-

SAT AND WON

When workers at Fry Products, Inc., Detroit, joined in a sitdown strike, the owner and manager of the business, Walter L. Fry, moved a cot into his office, sat down and told all concerned that he would not hustle around for new business unless his 100 automobile seat-cover makers went back to work, too. In four days the first mutual strike in industrial history was ended.

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announcement of Pan American's plans for a great international seaplane base. Details are yet to be worked out, but the plan looks to the use of both city and federal funds in purchasing and perfecting the airport which now is rented by the city from Curtiss-Wright.

Transatlantic Schedules Nearer

Meanwhile, the establishment of regular transatlantic flying schedules draws nearer. In Seattle, a half-dozen large flying boats are being completed for Pan American, in Bermuda one of the 28 new flying boats which British Imperial Airways built last year is waiting for trial hops to the mainland, and in Washington the Post Office Department has asked for \$750,000 to be budgeted for ocean mail contracts.

Although the Postoffice is hopeful that scheduled flying may begin late this year, there is a lot of survey flying to be done, beginning with the Bermuda-U.S. leg, and the regular schedules remain to be worked out. The Postoffice plans to call for bids (Pan American is everybody's choice for the winner) on twice-weekly mail service. British ships probably would match this schedule.

Test flights from Bermuda to the mainland will begin as soon as the Postoffice and the British Foreign Office have completed agreements for joint mail handling.



Wide World

WORK TO DO—Alfred Marshall, Chevrolet's personnel director, (above) probably wished he were back in Detroit, where the General Motors plants are going full blast and every executive's desk is piled high with work. But he was called to talk over espionage problems with the Senate committee. Chevrolet, meanwhile, was holding a big meeting to resume full-time advertising. At the conference, from left, are: C. P. Fiske, advertising manager; W. E. Holler, vice-president; Felix Doran, Jr., assistant sales manager, and Ed Hedner, assistant advertising manager.

F.D.R. Cracks Whip for Court Plan

Makes personal drive on senators while Farley organization stirs up popular sentiment. Wheeler's and Bone's amendment idea embarrasses President.

WASHINGTON (*Business Week Bureau*)—President Roosevelt is turning on the heat in behalf of his Supreme Court enlargement proposal as he has never done before save in the single instance of the death sentence for public utility holding companies.

Indications multiply that it will be a long drawn out battle—with plenty of time for public opinion to manifest itself. With hearings starting on Mar. 9 it is unlikely that the bill will reach the Senate floor very long before Apr. 1.

Farley Organization Busy

Meanwhile, in addition to the personal drive on senators by the President himself, and by his various lieutenants, ranging from Jim Farley down, there is going on out in the country a lot of intensive work done through the Farley organization, calculated to offset the first unfavorable reactions to the President's plan. Organization of the National Lawyers' Guild is a notable instance of how this works.

With more than 30 senators still publicly uncommitted—waiting to be sure which way is the less dangerous for them to vote—all of this is vitally important. Presentation of the President's side of the case has gotten under way tardily. The opposition got the jump on him. The reason was not impotence on the part of the President's machinery. Far from it. It was due to surprise. The President has been more flabbergasted than at any time since entering the White House at the tide of opposition which his proposal aroused. He had not thought, when he sprung his surprise move, that any counter propaganda would be neces-

sary beyond the normal speeches on the Administration side which could be counted on from New Deal leaders.

Quick Opposition Unexpected

Quickness to oppose him of some of the Progressive senators, none of whom was consulted in advance, was a complete surprise. Indeed it is highly probable that the President never even suspected that certain men in both houses of Congress were just waiting for some chance to take a shot at him. Particularly men who were sore because the President had never seen fit to reward them as they deemed fair for their support of him back in 1932. Particularly men who would never have been foolish enough politically to buck the tide in 1936, fight him on some issue on which the will of the country was known.

Perhaps the most embarrassing move of all by his opponents in the Senate is the joint proposal by Senators Wheeler and Bone—both so liberal that they have been accused of communism—for a Constitutional amendment which would give Congress the power, by a two-thirds vote in both houses, to override a Supreme Court veto.

Worries About Dictatorship

Sen. Wheeler publicly worries about some future Harding in the White House craving a dictatorship. Actually his proposal would give such a one more power than would be given by the Roosevelt proposal, all effectiveness of which would vanish with the deaths of his appointees, leaving a court of 15 members all of whom might be 85 years old, and rigid sticklers for the letter of the Constitution!

In such a day the only recourse of a forward-looking President and Congress would be to boost the court to 31, with 16 new members all pledged to the will of the dictator. But under the Wheeler plan a two-thirds vote of House and Senate—which any dictator worth his salt could get in short order—could override any reactionary or otherwise unpleasant decision of the then court, whether its members were 9 or 31, and whether they were just out of law school or all older than Justice Brandeis is now.

Of course there is a very simple answer to the question why President Roosevelt has not embraced the Wheeler-Bone amendment route. He knows perfectly well that it would take years to win ratification for it, if indeed it could ever be attained.



International

F.D.R. Jars Food Bill

Hurts chances of Copeland's measure, in reprisal for opposition to court plan.



KEEDOOZLE; ROBOT GROCERY CLERK—Clarence Saunders, nationally-known Memphis grocery chain operator and originator of the Piggly-Wiggly stores, has opened his Keedoozle store where customers use a key (above, shown by Mr. Saunders). Customers choose groceries displayed behind glass doors and insert the key (middle). Then they turn over the key to the cashier, who inserts it in a master keyhole. All the purchases are delivered on traveling belts, while the total bill is added up mechanically (bottom). The purchase is wrapped by an attendant and handed to the customer.

Ewing Johnson

It looks bad for the Food and Drug Bill since Sen. Copeland has come out against the President on the court issue, and Roosevelt in turn has manifested an obvious disposition to block Copeland's pet measure.

The President went out of his way this week to say that it weakens rather than strengthens the 31-year-old law—an attitude which various consumer interests, presumably including Mrs. Roosevelt, have held since the bill emerged from Senate committee a fortnight ago, replete with the Bailey amendments to limit multiple seizures.

Disconcerting as the President's new stand may be to the senator, it disturbs even more industry groups that have labored for four years toward a compromise.

All eyes now focus on the House where virtually anything may happen. All along, the Senate and House have split on which agency should control food and drug advertising—the Food & Drug Administration or the Federal Trade Commission. Backers of FTC stole a march this week when at hearings on his bill to extend jurisdiction of FTC beyond unfair competition to include unfair and deceptive acts generally, Rep. Lea, head of the House Commerce Committee, introduced an amendment sweeping all control of food, drug, and cosmetic copy into the commission's hands.

May Change Tactics

But the House Commerce Committee may change its tune in view of the President's demand for a strong Food and Drug Bill and his implied partiality to F&DA. Supporters of such legislation in the House have never liked Copeland's dictation, and the President's evident desire for political reprisal may spur them to act.

What chiefly dismays F&DA partisans about the Lea coup is the good chance of passage his Trade Commission bill enjoys. Minus the new amendment it passed the Senate last year, and its popularity in the House is enhanced by the new provision, which seeks to rebuild FTC as a consumer-protective body complete with technical staff. Dear as the measure is to the commission, it is encountering some industry opposition and, disregarding the President's intervention, this may be enough to spoil its chances of beating a straight Food and Drug Bill to the floor.

Significantly, the destiny of the FTC bill in the Senate rests with Wheeler's Interstate Commerce Committee, not Copeland's Commerce Committee.

Jobs and Pay— 1936 vs. 1929

On the opposite page, *Business Week* pictures the position of employment and payrolls in 40 leading non-agricultural industries in 1936 as compared with 1929. These 40 employed more than 15,500,000 wage earners back in 1929. In eight of them, employment has equaled or surpassed the 1929 average. In only one case have payrolls, for the year as a whole, come within 5% of the 1929 average, and in 29 out of the 40 industries listed, payrolls for the year were more than 20% short of the 1929 level.


If the comparison were between December, 1936 and December, 1929, the picture would be very much improved. At the close of 1936, 14 of these 40 industries were employing more persons than in 1929 and eight were distributing larger payrolls than in that pre-depression boom year. These 14 leaders in re-employment include the automobile, cotton goods, iron and steel, woolen and worsted, canning and preserving, rubber tire and tube, dyeing and finishing of textiles, brass, bronze and copper, knit goods, boot and shoe, baking, men's clothing, women's clothing, and paper and pulp industries. The first eight were also tops in payroll disbursements.

The differences between the employment and payroll picture at the close of 1936 and for the year as a whole reflect the sharp improvement which took place during 1936 in both categories. In the manufacturing industries, employment in December, 1936 stood 13% above January, following an uninterrupted expansion during the interval. Payrolls in the same period went up 30% with the sharpest rise taking place in the last half of the year, the result, in large part, of a wave of wage rate increases that lifted hourly earnings in many industries to new all-time highs.

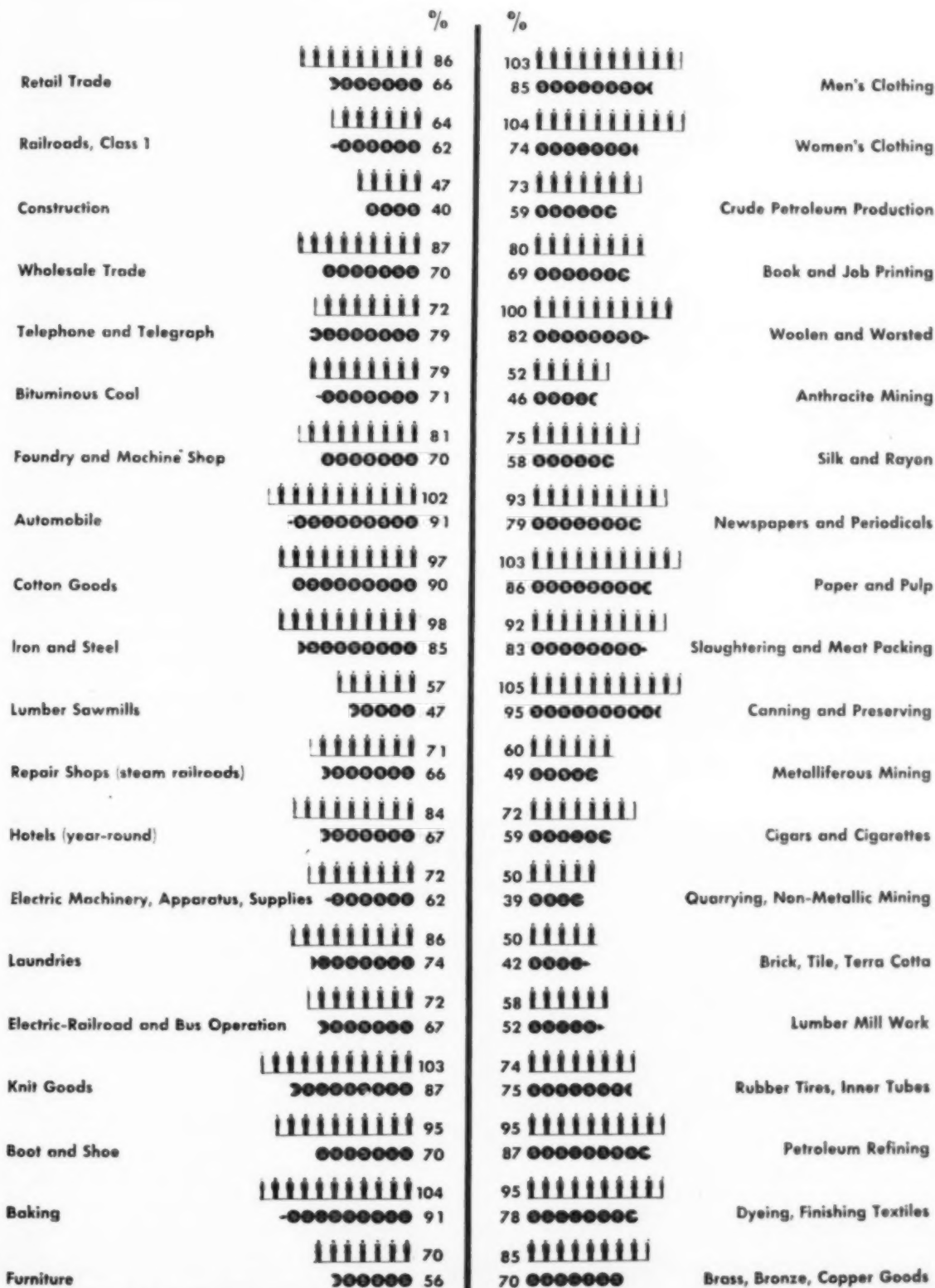
These increases in hourly earnings partially compensate for the increase in labor productivity, estimated for manufacturing plants as a whole at 25% greater per man hour than in 1929. It is this increased productivity, due in part to more mechanization and in part to the depression process of weeding out the less efficient workers, that forms the main strength behind current demands for higher wages. Higher wage rates plus longer hours will force the curve of payrolls for the manufacturing industries above that of employment sometime in 1937, repeating a situation prevalent in the boom year 1920 as well as during the "new era" period of 1925-1929.

EMPLOYMENT LEADS, PAYROLLS LAG ON THE ROAD BACK TO 1929

1936 Compared With 1929

Each  equals 10% of the 1929 employment

Each  equals 10% of the 1929 payrolls



Data: U. S. Bureau of Labor Statistics, Interstate Commerce Commission

BUSINESS WEEK

Can They Unseat the Sitters?

New strike tactics aren't adaptable to all forms of labor. Gov. Horner uses Murphy method, but Gov. Hoffman says he won't stand for sitdowns.

AMERICAN business, watching the spread of sitdown strikes in a score of places, with many kinds of treatment being applied to them, this week was still far from understanding just how to cure them. But in the sitdown symphony certain cacophonous elements are getting louder and louder, and the records may indicate what is wrong with the score.

Some more-or-less isolated and small groups of wage earners have learned, to their discomfiture and loss of pay, that sitdowns aren't adaptable to all forms

of labor. Seven men employed to run elevators and keep the heat going in a New York City apartment building, deciding to sit down, found themselves rather easily collected by a police squad and hustled off to jail. Found guilty of disorderly conduct, they were warned and released on suspended sentences.

Other groups, larger and sometimes in complete control of whole factory buildings, have more nearly copied the General Motors strike, and have been tough about it. It is the case study of these strikes which may point to a method of sitdown solution in time to be of value if the "one big union" converts decide to take on the steel industry.

Biggest and noisiest sitdown last week, continuing into this week, was that at Fansteel Metallurgical Corp's plant in North Chicago. In one way, it followed the course of the G.M. shutdown; the management got a court



NOT ALWAYS WORKABLE—Sometimes sitdowners don't get any place, as those in the New York City WPA offices (left). Even if not evicted, as these men were, they can't do much to further their demands because no large investments in plant or machinery was involved. Here, the sitdown became another form of picketing. But on the production line, as in the egg-packing plant (below), the technique is extremely effective in stopping the wheels of industrial production.

International photos



order and waited to see the strikers put out. But there the analogy ended. The police tried to evict the Fansteel strikers, and stopped short of dangerously hurting anyone. Gov. Horner then let it be known that he liked the policy used by Gov. Murphy in Michigan, and said that the use of troops to back up the police wouldn't settle anything.

Still another governor, Hoffman of New Jersey, didn't wait for a major strike. Out of the headlines since the Hauptmann case, Mr. Hoffman got back on Page One with a flat den to the C.I.O.; he did not like Gov. Murphy's precedent and would use any resources he could to "foil and punish" sitdowners. C.I.O. directors thereupon intensified their organization drive in Trenton among employees of three big steel-wire companies, and consensus of non-partisan observers was that ground-work had been laid for a "nice mess" in New Jersey.

Employer Turns the Tables

Safest and soundest of management policies seemed to be that of Walter L. Fry, who owns an automobile seat-cover plant in Detroit. Mr. Fry, declaring that industry had "to come to its senses" and reminding his 150 employees that he paid bonuses last year even though he didn't make an awful lot of money, sat down himself. That, to quote Mr. Fry again, put the shoe on the other foot—or at least on both feet. The strike was quickly settled.

Thus the sitdown still is major business, and by now public opinion, as a referee, is pretty well decided about a few things, at least:

1. There should be an arbitration method which could stop sitdowns before they start.
2. If the sitdowns do start, speedy discussion of the causes, not the sitdowns themselves, would cut a lot of losses now brought about by stalling tactics on both sides.
3. The use of violence, either by police, troops, or company forces, is not wanted.
4. State and local governments must realize the sitdown is their problem, too, and be ready to act with a minimum of evasion. From all signs, sitdowns are going to spread still further, and there is little excuse for wishful thinking that industrial unionism has reached its peak.

Consult on Labor

12 large corporations are represented on committee, G.M. tells senators.

ANOTHER man's experience, and friendly advice, may be of help if you have to meet the same problems he does. This business truism isn't new;

"Unforeseen events . . .

need not so often change and shape the course of man's affairs"



*The little toy-dog is covered with dust,
But sturdy and stanch he stands;
And the little toy-soldier is red with rust,
And his musket moulds in his hands.*

*Time was when the little toy-dog was new
And the soldier was passing fair,
And that was the time when our Little Boy Blue
Kissed them and put them there.*

— EUGENE FIELD
© Charles Scribner's Sons

This year, over 4,000 children will die beneath the wheels of traffic. One of them might be your child, or your friend's, or that youngster down the block. True, the number of such tragic, such unnecessary, accidents is diminishing. *But not fast enough.*

Four thousand "Little Boy Blues" this year again? Four thousand little toy-dogs waiting, waiting? Upsets you, doesn't it...but does it upset you enough? Will it be on your mind when you're driving a bit too fast down a city street? Will you slow down when you see a child

playing near the curb? For the responsibility is primarily yours. There are no brakes on the mental operations of an impetuous youngster.

The Maryland, through posters, cards and leaflets in public schools, is continuing its efforts to teach youngsters how to avoid danger on the streets. Drivers in commercial fleets insured with The Maryland receive instruction from specially-trained Maryland safety men.

Will you, in your car, remembering Little Boy Blue, drive more carefully this year?

THE MARYLAND

MARYLAND CASUALTY COMPANY • BALTIMORE

some 150 flourishing trade associations can testify to its popularity. But in the matter of labor arrangements, many a worker has thought that the "other" company was the enlightened one, and that his own boss was a dullard.

Brusquely disposing of the possibility that big industries were operating single-handedly in forming personnel policy, General Motors officials last week gave the Senate subcommittee investigating labor conditions some facts which indicate the trend of the times. A special conference committee meets once a month in New York and talks over the personnel problems of 12 big corporations. The conferees are well qualified; they are the personnel directors and employment managers of the corporations discussed.

Merle C. Hale and Harry W. Anderson have attended the meetings for G.M., the senators learned. Other conferees and companies are: F. W. Pierce, Standard Oil Co. (N. J.); Cy Ching, United States Rubber; Arthur Young, United States Steel; Joe Larkin, Bethlehem Steel; George Kelday, International Harvester; Arthur Griffin, American Telephone and Telegraph; Fred Clymer, Goodyear Tire and Rubber; John Holbrook, Irving Trust; Frank Evans, duPont; George Pfeif, General Electric; W. G. Marshall, Westinghouse.

Sportsmen's Show Goes Over Big

Commercial exhibits are as alluring as the circus features, including Indians, animals, and visitors. Guns, rods, and boats are knockouts.

BACKERS, exhibitors, visitors—all should have gotten a beautiful kick out of the National Sportsmen's Show, Grand Central Palace, New York, Feb. 18 to 27. It was a grand show as befits the grand, and big, business of providing a half billion dollars' worth of healthful and legitimate fun to this fun-loving nation (*BW*—Feb 13 '37, p44).

The show had everything: atmosphere—provided by carloads of fragrant fir and pine and balsam plus thousands of feet of unbarked logs in woody cabins and enclosures; color—in the vari-hued garb of red-jacketed northwoodsmen, skin-clad plains Indians, fur-clad Eskimos, full-dressed Manhattan cliff-dwellers; forthright human interest—in magnificent atmospheric state and Canadian provincial exhibits (Maine again showed Benny Beaver's little cousins gnawing unconcernedly at good-sized birches growing beside a well-stocked trout stream; New Jersey showed uncaged live quail and rabbits disporting among lifelike underbrush; New Brunswick—or was it Quebec or

Nova Scotia?—showed father and mother moose with their overgrown youngster); downright thrills—in log-rolling contests, canoe tilts, fly casts, wood-cutting duels, all held in a huge water-filled tank in the middle of the Palace. Secret of the sweat and energy squandered in the various mêlées in the pool was the prize offered each winner—a bottle of imported whisky.

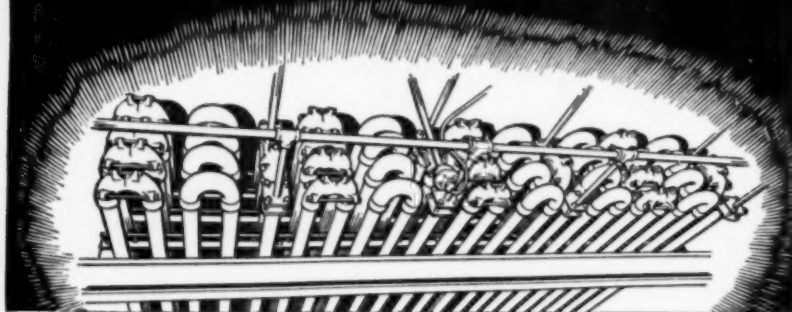
Many and varied were the commercial exhibits. Rods ranged from a 6-ft. trout-rod weighing 15/16 oz. to staunch big-game-fish-rods with inbuilt winch-like reels bigger than a hat; guns from the perennial 22's to 0.30'06 sporting rifles, to shotguns capable of handling a rifled hollow-back slug for deer at 50 yd. Various fishing lures acknowledged their indebtedness to new molded plastics and various newly colored lacquers. One line of fish-hooks showed the first basic change in design since the days of the founding fathers. New highs in hunting and fishing clothing and equipment proved that their designers do not divorce their vacations entirely from their businesses. There's a tremendous market among the 600,000 or more sportsmen and sportswomen who spend over \$10,000,000 just for hunting and fishing licenses in one year.

Trailers for the Trip

But commercial exhibits did not confine themselves to rod and gun. New trailers have already outmoded those shown at November's automobile show; new highs of comfort and convenience have been achieved. A new golf-like game, playable in backyard or basement, looked as if it would cut actual strokes from almost any business man's golf game. New motorboats and sailboats lured fresh- and salt-water addicts. Radios promised surcease from lonely motor rides and rainy days in camp. Exhibitors know that markets are considerably broader than the 600,000 hunting and fishing licenses.

High-spot honors for the show should be divided between the masterly master of ceremonies at the tank show, Needahbeh, Penobscot Indian whose name means "Great Friend," and the exhibit of the Brielle, N. J., Chamber of Commerce. If some broadcaster has not yet signed Needahbeh for radio, he has missed a bet. And if someone will point Brielle's simulated deep-sea fishing stunt toward vaudeville, he will confer a national boon. "Will some lady or gentleman in the audience step up and see how it feels to have a 500-pound tuna on the hook?"

Industry uses WROUGHT IRON for REFRIGERATION



WATCH the refrigeration system in your plant if you want to cut replacements. This service is tough on pipe. Where ordinary ferrous metal averages only 8 years—wrought iron averages 19 years. That's why many leading industrials use Byers

Wrought Iron Pipe and Condenser Tubes. Tell your engineers to write for "The Use of Wrought Iron in Refrigeration Systems." A.M. Byers Company. Established 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston.

BYERS

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS

Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements

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SO THIS IS NEW YORK—Mus-Soo-Nuk tries out his gun sights behind a screen which, if there were any seals hanging around the National Sportsmen's Show in Grand Central Palace, might help him creep up to easy shooting distance.

Wide World

R-P Defendants Fight Back

A. & P., and Biddle Co., deny charges, and call price law unconstitutional. Kraft-Phenix and Montgomery Ward cases seem washouts.

WHILE trade interest this week centered principally in the strong defense measures which the Great Atlantic & Pacific Tea Co. and the Biddle Co. have taken to protect themselves against charges of diverting brokerage commissions and accepting other discounts in violation of the Robinson-Patman law, considerable attention was paid to the maneuvers made both by defendants and the Federal Trade Commission in concluding arguments on the original test cases instituted against the Kraft-Phenix Cheese Corp. and jointly against Montgomery Ward and the Bird Floor Covering Co.

A. & P. and Biddle, fortified with powerful arrays of lawyers, vigorously denied all charges, and challenged the constitutionality of the R-P law. Moreover, A. & P. demanded that the commission furnish a bill of particulars.

FTC's refusal this week to entertain a routine motion to dismiss the Montgomery Ward action is not interpreted as any sure indication of FTC's intention to fight this suit through to a finish. As a matter of fact, the testimony given at hearings thus far supports strongly the original assumption (BW—Nov 21 '36, p14) that FTC could not fashion a strong enough case out of either action to take it up to the Supreme Court as the first critical test of the R-P law. Accused of offering

Montgomery Ward & Co. discounts which discriminated against other retailers, the Bird Floor Covering Co. has pointed out that it no longer sells to retailers, concentrating exclusively on wholesale and mail order sales, that the few discriminatory acts which might be adjudged violations were incidental to the execution of its new sales policy in November, 1934, and that the entire issue was a dead one. On this premise, Ward has argued that it could not be justly accused of knowingly accepting discriminatory discounts while the Bird Co. business was in transition.

In final argument on the cheese case, Kraft-Phenix's first line of defense is its contention that interstate commerce is not involved. The company ships its goods to various distributing points, but no sales transaction is involved until goods are purchased at these distributing points by Kraft Associated Distributors, a dealer organization. Goods are then distributed to retailers along 613 wagon routes, only 20 of which cross state lines at any point. Basing its argument on a previous Court of Appeals decision, Kraft contends that even sales on these 20 routes do not classify as interstate commerce, for its distributors are all peddlers licensed under local ordinances.

In the event that its interstate commerce argument is disallowed, Kraft



LOCOMOTIVES that pull long freight trains at from 65 to 70 miles an hour! . . . powerful, sleek, smooth-running locomotives . . . enormous store-houses of energy that draw thousands of tons of freight over mountains and across valleys, maintaining exacting schedules.

These giants of the rails . . . one of the elements of Precision Transportation . . . among the fastest, most powerful freight locomotives ever built, were designed and constructed in the Norfolk and Western's own shops that merchandise freight might be moved between the Midwest and the Virginias and Carolinas and between the North and the South on schedules comparable to those maintained by passenger trains.



These locomotives are roller-bearinged. They are 120 feet, 7½ inches long, weighing approximately a million pounds. The firebox alone is as large as a small bedroom and the driving wheels are higher than the average man.

NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION



Press the lever and talk ... Release and listen

Here is a new business tool that saves time, effort and money for business executives. . . Teletalk is a new type of inter-communicating system, virtually radio in the office! . . . Made in five models for every commercial and industrial requirement—as low as \$75.00 for a two-station system . . . Designed and engineered by one of the leading manufacturers of sound equipment . . . Your office appliance dealer, radio service organization or electrical contractor can supply it. If not, write direct to the

WEBSTER ELECTRIC COMPANY
RACINE • WISCONSIN
Established 1909

Teletalk

"The SHIRT-LOSING ZONE"*

*A phrase coined by Dr. C. F. Kettering

Between the conception of a new idea and the creation of a profitable new industry or product, there lies a wide gap. Often this is a time of stumbling progress and premature claims . . . which Dr. Kettering so aptly terms "the shirt-losing zone."

In this period of development, research and testing are vital. Usually they can help you cut your loss to "shirt-tails"; often they can help you save the whole shirt.

For forty years Electrical Testing Laboratories has been helping manufacturers through this period, by giving them FACTS on quality and performance by test. May we serve you?

Write for "Fact is Sounder than Fiction" . . . a new booklet which describes our services.



**ELECTRICAL
TESTING
LABORATORIES**

80th Street and East End Avenue
New York, N. Y.

relies next on the contention that its sales policies have in no way injured or lessened competition, as must be proved. Its discounts (1¢ to 2½¢ a lb. on quantity orders of loaf cheese, 5% on all other orders exceeding \$5) are so small, averaging out to only a fraction of a cent per item, that they do not permit of any reduction in shelf prices, and in fact no reductions have been made by dealers who get discounts now but who were not getting them prior to Aug. 29 when the new schedule was put into effect. Further, Kraft points out that its discounts are so insignificant a factor in the complicated equation of resale pricing that they must be considered negligible and wholly inadequate as a basis for any price variations which might seem to support the allegation of discrimination. As for the effect of its policies on competing manufacturers, Kraft asserts that even with discounts deducted its prices are uniformly higher than those quoted by other big manufacturers—½¢ to 3¢ a lb. on loaf cheese, 25% or more on salad dressings.

Denies Discrimination

Finally Kraft asserts flatly that there is no possibility of discrimination under its plan, for since its products can be kept on hand for a good period of time without deterioration and since Kraft agrees to take back all spoiled merchandise, virtually every dealer is in a position to take advantage of the 5% discount on a \$5 order. The only dealers whom FTC could find to complain of discrimination in New York, Chicago, and Philadelphia were all small men who operated mamma-help-papa stores in poor neighborhoods.

Kraft's 5% discount on \$100 orders for single delivery was not called into serious question, for apparently even FTC was willing to concede that it could be justified by savings in the cost of sale and delivery.

Price-Fixing Rolls On

Tydings-Miller bill advanced in Congress, and states take action on same lines.

IN the national Congress and 40-odd state legislatures, the nation's lawmakers focus again on distribution—that new-found field for legislative experiments.

Despite Rep. Patman's two new legislative efforts, despite Rep. Colmer's bill to tack state sales taxes onto mail order sales, and despite the disturbing revival of Sen. Wheeler's anti-basing-point legislation, the star performer of this legislative season is the fair trade law. The same clique of independent retailers and wholesalers, which last year got the Robinson-Patman law into the headlines, is plugging exclusively

for the minimum price act this year and the Supreme Court's assurance of its complete constitutionality (*BW*—Dec 12 '36, p 13) is helping them.

There is only one significant shift of forces. Last year in their fight for R.P. the independents could count on some behind-the-scenes help from manufacturers who wanted relief from demands for price concessions. But manufacturers are somewhat less enthusiastic about the fair trade idea, for they do not relish being bludgeoned into minimum resale price contracts, and they dislike the threat of a higher price level considered inevitable, for it may breed unusual competition from the low-price brands of big distributors.

Although department stores and mail order houses remain irrevocably opposed to this legislation, chains are inclined to regard it with some favor, for it promises to relieve the competition of price-cutting supermarkets. Given a freedom of choice, however, the chains, like the manufacturers, would prefer a law which simply outlawed below-cost selling to one which establishes a complete price fixing system in order to accomplish that object.

Demand Study of Effects

Charging that independents are seeking to confuse these issues, hiding their price fixing plans behind the popular appeal of an anti-loss-leader law, Rep. Celler last week demanded that the Federal Trade Commission be designated to study the probable effects of the fair trade plan, and that meanwhile no action be taken on the Tydings-Miller bill which would exempt from the federal Sherman act ban all price contracts in interstate commerce which were valid in intrastate operations.

Nevertheless, the juggernaut rolls on toward almost certain enactment of the bill; it was favorably reported by a House Judiciary subcommittee last week. Already this year, Kentucky and South Dakota have been added to the list of 15 states which had fair trade laws in force last year, and bills are pending in at least 20 others.

Rep. Patman's latest endeavors awaken little enthusiasm among his last year's allies, for the measure which, according to advance billing, was going to outlaw all private branding went into the hopper last week as a bill which simply forbids a manufacturer to sell his goods at retail if the effect of such sales lessens competition, tends to monopoly, or injures competition among his customers.

Thus, although the measure might go hard with some company-owned stores and principally with tire manufacturers and gas and oil companies who sell through owned outlets, it would not touch goods which private brand distributors process for themselves (much less those bought on contract).

SOCIAL SECURITY

Complete Records and Plan

LESS THAN \$5

- 1** If you employ 20 people or less, complete specially designed new Kardex outfit costs you less than \$5.
- 2** If you employ as many as 100 people, less than \$20 will cover cost of complete Kardex Social Security records.
- 3** If you employ 1,000 people or more, this new method may save you installing machines or other expensive equipment.

Social Security simplified! Remington Rand has developed an amazing new low cost method for complying with State and Federal provisions of the Social Security Act. A plan so simple that for the small business, a complete new Kardex outfit, supplying all the records needed for clear and adequate returns, can be furnished for as little as five dollars!

4,000,000 WORKERS ALREADY REGISTERED BY KARDEX. This simple Kardex plan has already registered over four million workers. It expands easily to handle

additional employees. It is perfectly adaptable to either national or local businesses. In fact, in many hundreds of cases, the only additional equipment needed to fill all Social Security requirements has been standard Kardex record forms.

ADAPTABLE TO LARGE OR SMALL BUSINESS. No matter the size of your firm, this Kardex plan will save you money. If you employ 20 people or less, five dollars will cover the cost of complete records and plan; if 100 people, you can figure on a cost of less than

\$20. And dozens of companies employing as many as a thousand people or more have found that Kardex enables them to meet all requirements *without installing any additional machines or other expensive equipment.*

SEND FOR SIMPLE PLAN DESIGNED FOR YOU. What can Kardex do for you? It costs nothing to find out. Simply fill in and mail the coupon. Or if you prefer, telephone Remington Rand. Let us submit a plan already in successful use by companies with problems similar to yours. Don't put it off. Mail the coupon today.

OK...it's from
Remington Rand

MAIL COUPON TODAY

Remington Rand, Inc., Dept. G-224
465 Washington Street, Buffalo, N. Y.

Please submit samples of Kardex Personnel Record forms for use in accordance with the Social Security Act.

Signed.....

St. and No.....

Firm.....

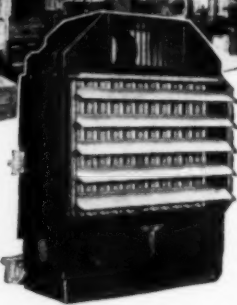
City and State.....

SPACE HEATING
PROBLEMS ARE EASILY

Solved



with



JANITROL GAS-FIRED UNIT HEATERS

Janitrol gas-fired Unit Heaters are quickly installed . . . at moderate cost . . . eliminate underground heating pipe extensions for plant expansion . . . banish worry about cold spots, stagnant air, chilly offices in spring and fall when the central plant is turned off.

Thousands of manufacturers now promote increased efficiency with Janitrol Unit Heaters for complete or auxiliary heating of plants, warehouses and offices. Thousands of retail establishments heat comfortably and economically with these fully automatic unit heaters. Capacities range from 60,000 to 400,000 B.t.u. input, suiting every requirement.

Suspended from ceiling . . . taking up no floor space . . . Janitrol Unit Heaters circulate warm air at desired even temperatures day and night. See your Gas Company or any Janitrol dealer. Write for interesting booklet on Janitrol Unit Heaters, the ideal method of heating commercial and industrial buildings.

SURFACE COMBUSTION CORPORATION
Toledo, Ohio

Janitrol
GAS-FIRED UNIT HEATERS



for only rarely do such distributors sell their goods through other outlets.

His other bill, to outlaw commercial backscratching, stands a better chance of passage, but there are two strong arguments against it: (1) the "you-buy-from-me-and-I'll-buy-from-you" contracts can rarely be reached by law, for such agreements are highly confidential and known only to a few of the highest officials involved; (2) existing legislation is adequate to deal with such cases as can be uncovered. Past actions by the Department of Justice and the Interstate Commerce Commission as well as the current suit brought by the

Department of Agriculture against packers who are accused of having reciprocal arrangements with shipping lines are evidence of that adequacy.

Opponents of price control regard with interest the five bills pending in Ohio, Idaho, New York, California, and Washington which, like the existing Colorado law, would forbid druggists to serve food; for drug forces have been most active in seeking legislative remedies for the trade ills that beset them, and now that restaurateurs are making legislative grabs, the druggists are getting a dose of their own medicine.

Putting the Heat on Hot Money

If this is done successfully, Morgenthau will have the streamlined credit and currency system he wants. Foreigners' securities profits may be taxed.

WHEN President Roosevelt and his monetary cohorts complete plans for emancipating this country from the influx of foreign "hot money," Secretary of the Treasury Morgenthau will have the streamlined credit and currency system which at intervals he has enunciated as the Administration's goal.

Under the Roosevelt agis, the price of gold has been raised from \$20.67 to \$35 an ounce; member bank reserves have been doubled (effective May 1); incoming gold has been sterilized through direct purchases by the Treasury; and now the Administration is

directing its attack on foreign purchases of American securities, which have reached threatening proportions.

In two years—1935 and 1936—foreigners purchased more than a billion dollars of stocks and bonds on exchanges and over-the-counter markets here. Yearly totals have been rising: in 1935, foreign buying reached \$440,000,000; in 1936, it exceeded \$630,000,000. This growing external lust for American securities has two immediate implications: (1) it represents a transfer of American corporate securities to foreign investors; (2) it carries the threat of sudden sale, with consequent deflationary pressure here.

As a means of payment, foreigners have used gold, adding to America's already unwieldy stock. Altogether, about \$4,000,000,000 of gold has entered the United States since the banking holiday in March, 1933. And more than half of that came during 1935 and 1936 as foreigners sought sanctuary from European currency instability, either by building up short-term balances in American banks, or by purchasing securities (*BW*—Dec 5 '36, p. 12).

All told, there are probably \$7,500,000,000 to \$8,000,000,000 in foreign



HE'S HOT ON "HOT MONEY"—Fred I. Kent, who was director of foreign exchange for the Federal Reserve Board during the World War, carried his brief case and his experience to the White House last week for a conference with the President. Whenever foreign exchange problems bob up, Mr. Kent is called upon. His experience was drafted during the early days of the Roosevelt administration, and now again: this time on the specific problem of "hot money."

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investments in the United States. Most of that might be considered stable, or long-term investment. But from two to three billion is definitely "float"—here today and gone tomorrow.

So long as American conditions are favorable, foreigners will make no effort to pull out. But once the outlook for securities alters, then the money which is now so "hot" for American entrenchment will turn cold.

Treasury Program Augmented

The Treasury's program to sterilize incoming gold did not curb the foreign penchant for American securities. That policy merely isolated the incoming gold from the monetary structure, so that it neither added to nor subtracted from the reserves of the banking system. The "hot money" program is a more direct attack on the same problem—it is aimed to discourage foreign investment in this country and thereby eliminate the reason for the inrush of the gold.

By increasing the present 10% tax on dividends received by foreigners, the government will hardly solve the problem—because foreign holders can sell their securities prior to receiving dividends; when dividends are paid, they can buy the securities back. In that way, dividends will be collected from the market through price changes. In order to frustrate such evasion, a tax on securities profits is necessary.

Nationals Most Affected

Nationals of Great Britain, the Netherlands, France, and Canada would be most directly affected—as large holders of American issues. To the extent that profits are taxed, the United States as a reservoir for "surplus" or "marginal" foreign funds will be less attractive; and it is possible that the reaction to the program would be immediate withdrawal from this market. But, as a bulwark against banking dislocations, the United States has the \$2,000,000,000 Stabilization Fund, which will be able to supply the necessary gold for export. In that way, reserves of the banking system will not be reduced.

Bulls for a Bank

AMONG "other assets" of the First National Bank of Clarksville, Tenn., is a herd of purebred Hereford bulls, which are loaned to cattlemen of the region, gratis. There is no interest charge. When farmers of the community ran short of male *bovidae*, the bank rushed into the breach, laid in a supply of 50 young bulls (cost \$2,300). In exchange for services, Montgomery County farmers board the bulls without charge. Eventually, the bank will sell the full-grown bulls, probably will take no loss. In the meantime, advertising value has more than exceeded cost of the herd.

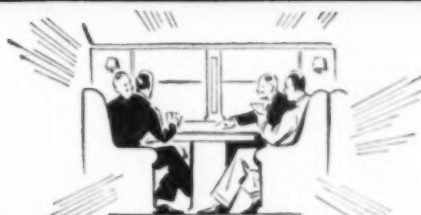
"Sure,
we picked Warner & Swaseys!"



"Output is what we look for in buying machines. We checked our requirements carefully and found that the Warner & Swasey could step up our production from 3 pieces an hour to 20. We've dealt with Warner & Swasey for years, so we knew we could bank on that figure. Results confirmed this. The only thing we're sorry about is that we didn't run that test years ago."

COE MFG. CO.
Manufacturers of wood veneer machinery
Painesville, Ohio

**WARNER
&
SWASEY**
Turret Lathes
Cleveland



What's all this talk about the
STEVENS

TALK, TALK, TALK—Groups here, groups there—drawing rooms, parlor cars, at the bar on the new streamliners. Excuse it please, we listened in.

The buzz was all about the new joy of living that has invaded The Stevens; new services stepping up the comfort for travel-wearies; the after-dark enter-

tainment adventures beckoning those who like a flare to their living.

It's grand to know that people like the things you do to make life more pleasant for them—to hear so many of our friends marveling that so much living can be had for so little paying. This kind of gossip is a good thing.

Stevens
**HOTEL
CHICAGO**
OTTO K. EITEL, Managing Director



ROOM with BATH \$2.50 UP

What's Next in Buses?

Trolley companies wonder what kinds to use as auxiliaries. All-service buses have been getting a big play, and now oil-electrics are being tried.

THE bus and street car rider wants to go places, comfortably and fairly quickly, and that is the extent of his problem. The transit company wants to carry him—but here comes an important question: Just what kind of buses should trolley operators use as auxiliaries? Gasoline-driven? Electric? Gas-Electric? Trolley buses? It all builds up to the big bus search of 1937, which at this juncture has more angles than a refractory deck-chair.

There are substantial savings in operations expense to the companies which find the right answers first. One company's experience, that of Public Service Coordinated Transport in and around Newark, is a good tip-off. Statistics published in an exhaustive summary by *Transit Journal* this month show that in 1921 Public Service owned 2,600 street cars and no buses; in 1926 it had 2,400 cars and some 600 buses; in 1931 the cars had come down to 1,400 and the buses had risen to 2,400, and last year the figures were 890 street cars, 2,305 buses, 190 "all-service" carriers. "All-service" means those buses which run along under overhead trolley wires as long as there are wires, then take down their trolley-poles, start up an auxiliary engine, and roll on. Such carriers permit the company to continue using much of its standing equipment—poles, wire, power stations, etc.—and also have the advantage of being able to leave the car tracks and compete with ordinary self-propelled buses.

Was Pioneer

Public Service, which was the result of merger in 1903 of numerous New Jersey street railway companies, offers a case study in transportation which, with variations, applies throughout the country. It has pioneered in several fields since the old jitney days. First purchases of buses by the old established transit organizations in New Jersey began about 1921 and were of all sizes and descriptions. By 1924 Public Service began to buy new, planned equipment, ordering several hundred "gas-electrics." They had gasoline engines, and generators, and electric drives, and worked very well. About two-thirds of the company's short-haul buses are gas-electrics today; they are easy to operate, fairly cheap on running expense, inexpensive from a maintenance angle.

That was one step. Next came the idea of using trolleys. An old gas-electric bus was rebuilt so that it could

pull current from the wires, holding its gasoline engine in reserve, and was tried out on a tough test—Pershing Hill Road in Weehawken. The bus scooted up the grade faster than ordinary motor buses or street cars were able to make it. Sold!

The all-service carrier got its start that day, early in 1934. For the originator, Public Service, the General Motors Truck Co. built 62 all-service buses in 1935, and 100 more in 1936, together with parts to convert 30 gas-electrics into all-service. For 1937, Public Service has ordered 235 more, which will give it 428, the largest fleet of all-service buses in the country.

So far, said the company, so good. The maintenance experts suspect that all-service vehicles will prove to have lower operating costs per mile than either gasoline buses or street cars, but even while the coming months of operation are putting these carriers to the test another kind is on the way. The other kind is "oil-electric."

STEP BY STEP—When street-car companies first went into the bus business, they used gasoline-motored vehicles. Then came the first gas-electrics (center) which had an electric drive; next the trolley wires were tied in, for the "all service" vehicle (top); finally the diesel-electric bus (below) made its appearance.

Transit Journal

Last month a significant event occurred. Public Service put 27 oil-electric buses into operation, on its Newark-West Orange line. Built by G.M. Truck, the units can each carry 36 passengers, and in the few weeks of use they have shown substantial savings in fuel cost. Months must pass before an adequate opinion can be reached on other points, but the oil-electric definitely is something to watch.



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COMMERCIAL CREDIT COMPANY

BALTIMORE, MARYLAND

Federal Housing Hopes Aren't Hot

Wagner subsidy bill faces a hard fight, but even if it wins it won't solve the problem that has baffled several arduous efforts by Washington.

WASHINGTON (*Business Week Bureau*)—Bogged down in controversy, how to go about housing the poor has defied the Administration's trial-and-error methods for four years. Confidence expressed by President Roosevelt in his Statue of Liberty speech last November that "next session Congress will start us on our way with a sound housing policy" is not served merely by the fact that Sen. Wagner has introduced another subsidy bill carrying an appropriation of \$50,000,000 for grants "in an amount necessary to achieve the low rent character" of the projects, plus loans from the proceeds of bonds authorized up to one billion dollars.

Gives Local Folks a Chance

Its predecessor last session passed the Senate but got lost in the House. Its enactment this year simply would afford a test of the hope that local housing authorities may succeed where federal authority has failed to put on more than a "demonstration" of what might be done.

At a cost of \$132,000,000, of which it is intended to recapture only 55%, the Public Works Administration still is wrestling with a program of 51 projects that will ultimately house 21,450 families, at an average of \$6,153 per unit. Previously, PWA sought to work through limited dividend corporations but abandoned that instrumentality as defeating the low-cost objective. There was too much room for manipulation to suit Honest Harold Ickes.

Administrator Ickes also had a fling at subsistence homesteads that, with large-scale urban housing, also were authorized by Title II of the National Industrial Recovery Act. The idea was that by encouraging decentralization of industry, part-time employment would be afforded to families who could supplement cash income with produce grown upon their small acres. The program was a bust. Industry wouldn't come to the country. The whole business was shifted to the Works Progress Administration, which had some ideas of its own. As did Rex Tug-

well's Resettlement Administration. According to last accounts there are 26 of these communities scattered around the country, of which Arthurdale, W. Va., patronized and publicized by Mrs. Roosevelt, is an example. About 3,000 families have been housed but our "country slums" remain substantially intact.

So do city slums, except in a few fortuitous spots. In his slum-clearance program, Administrator Ickes soon discovered that the land occupied by slums was too expensive to permit erection of modern housing on present slum sites at rents low enough to accommodate the families displaced. The right of the federal government to condemn land for housing also was challenged, with the result that PWA is building mostly on the outskirts under agreements, where possible, that the favored cities will demolish slum buildings to offset the new ones.

H. A. Gray, fourth in rapid succession of PWA's housing directors, denies the assertion of realtors that the government's housing efforts subject them to unfair competition. He thinks England's experience indicates that public housing has stimulated private construction.

Subsidy Scheme Limited

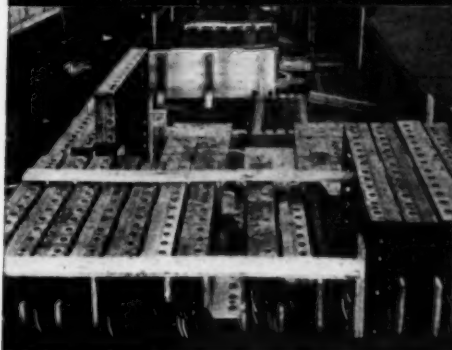
Supposing Congress passes the Wagner bill, volume of construction will probably be comparatively small. Any government operation rooted in subsidy has limits in a field as wide as housing and the terms of the Wagner bill will, as a matter of fact, discourage the large ideas of many advocates of public housing. Its greatest potentially competitive effect would be in bringing down rents. The Ickes program has not shown any great capability in this direction and now construction costs are rising to plague him.

Wiring 160,000 Farms

TAKE the first sales opportunity first. Sell wiring ahead of appliances. That is the advice *Electrical Wholesaling* has been sending out to the trade in recent issues, citing the big rural electrification program for 1937 as a prime chance to sell a lot of wiring. About 160,000 new farm customers, it is estimated, will get hooked up for electrical service this year, with private utilities and Rural Electrification Administration cooperatives scrambling for line construction. The average farm wiring job should net the contractor between \$200 and \$500—and wholesalers who get after the business are laying the groundwork for future appliance sales. A timely idea is that now being tried out by utilities—making up an adequate low-cost package of lamps and fixtures, for a farm house, to retail at \$45 to \$75.

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KOPPERS COMPANY, PITTSBURGH, PA.

Home Building—Where, How Many, and How Much

(Based on permits in all cities of 10,000 population or more)

States by Regional Groups	Number of Homes		% Change	Total Value (in thousands)		% Change
	1936	1935		1936	1935	
New England	8,648	4,265	+103	\$42,920	\$20,747	+107
Maine	471	287	+ 64	1,278	775	+ 65
New Hampshire	323	220	+ 47	962	720	+ 34
Vermont	86	60	+ 43	364	224	+ 63
Massachusetts	4,978	2,165	+130	27,214	12,232	+122
Rhode Island	923	570	+ 62	3,510	2,042	+ 72
Connecticut	1,867	963	+ 94	9,592	4,755	+102
Middle Atlantic	47,434	24,450	+ 94	195,812	\$6,897	+102
New York	38,246	19,378	+ 97	145,565	70,215	+107
New Jersey	3,669	2,430	+ 51	20,720	13,317	+ 56
Pennsylvania	5,519	2,642	+109	29,527	13,365	+121
East North Central	25,106	11,196	+124	134,044	53,338	+151
Ohio	7,886	4,017	+ 96	41,825	20,151	+108
Indiana	1,502	1,779	- 16	5,908	5,217	+ 13
Illinois	5,096	1,233	+313	29,304	6,999	+319
Michigan	6,553	2,506	+161	35,318	13,735	+157
Wisconsin	4,069	1,661	+145	21,689	7,236	+200
West North Central	8,210	5,465	+ 50	29,292	18,769	+ 56
Minnesota	1,906	1,194	+ 60	7,779	4,536	+ 71
Iowa	1,309	836	+ 57	4,458	2,788	+ 60
Missouri	2,437	1,965	+ 24	8,980	7,542	+ 19
North Dakota	158	214	- 26	411	502	- 18
South Dakota	351	317	+ 11	621	525	+ 18
Nebraska	901	355	+154	3,659	1,276	+187
Kansas	1,148	584	+ 97	3,384	1,599	+112
South Atlantic	20,114	12,710	+ 58	69,404	40,997	+ 69
Delaware	288	99	+191	1,419	495	+186
Maryland	1,321	633	+109	5,116	2,363	+117
Dist. of Columbia	6,429	3,723	+ 73	24,650	14,728	+ 67
Virginia	1,492	861	+ 73	5,674	3,015	+ 88
West Virginia	872	574	+ 52	3,293	1,887	+ 75
North Carolina	2,225	1,362	+ 63	6,265	3,510	+ 78
South Carolina	1,352	748	+ 81	4,426	1,907	+132
Georgia	1,385	2,353	- 41	3,557	6,470	- 45
Florida	4,750	2,357	+102	15,004	6,623	+127
East South Central	7,261	2,169	+235	25,507	5,760	+343
Kentucky	1,709	543	+215	7,466	1,880	+297
Tennessee	3,361	569	+491	12,808	1,244	+930
Alabama	1,403	759	+ 85	3,341	1,803	+ 85
Mississippi	788	298	+164	1,891	833	+127
West South Central	13,630	7,281	+ 87	38,220	18,089	+111
Arkansas	390	177	+120	1,134	424	+167
Louisiana	1,385	534	+159	4,196	1,473	+185
Oklahoma	2,311	920	+151	7,906	2,736	+189
Texas	9,544	5,650	+ 69	24,984	13,455	+ 86
Mountain	3,725	1,782	+109	12,401	6,200	+100
Montana	574	296	+ 94	1,302	674	+ 93
Idaho	326	158	+106	943	454	+108
Wyoming	174	236	- 26	739	834	- 11
Colorado	1,124	569	+ 98	4,418	2,570	+ 72
New Mexico	451	122	+270	1,096	318	+244
Arizona	419	132	+217	1,540	487	+216
Utah	515	227	+127	1,570	704	+123
Nevada	142	42	+238	794	159	+400
Pacific	26,461	11,660	+127	97,246	41,245	+136
Washington	1,808	1,127	+ 60	5,726	2,943	+ 95
Oregon	895	269	+233	3,367	995	+238
California	23,758	10,264	+131	88,154	37,307	+136
UNITED STATES	160,589	80,978	+ 98	\$644,846	\$302,043	+113

Data: Federal Home Loan Bank Board

Business Week



WESTERN UNION
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The new housing for the Western Union Printer is molded of Textolite by General Electric.

This plastic housing, made possible through the G-E development of large-unit molding, opens a new line of thought on product design to engineers and designers — particularly those who are confronted with the problem of covering a mechanism with a large hood for protection and finished appearance.

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Executives' School

San Francisco Advertising Club shows business heads how to sell; lunchers form own "corporation" to direct.

CONVINCED that the average executive is eager to learn more about latest methods in merchandising, the San Francisco Advertising Club is holding a novel series of educational luncheon meetings open to all business men without cost where 18 specialists discuss advertising, selling, research, package design, promotion, dealer co-operation, and the technique of sales meetings. The progress of a product is followed in detail from the moment of its inception to its debut on the market.

At the first two luncheons, Feb. 17 and 24, some 400 of the city's business executives attended. Additional meetings are continuing, one a week, to March 10.

Sit as Gro-Mor Directors

To make the sessions as profitable as possible, those who attend are asked to sit as directors of a fictitious corporation, the Gro-Mor Plant Food Laboratories, Inc., manufacturers of a line of fertilizers. As the series opened, the company was about to place on the market a complete line of insecticides and fungicides. A group of merchandising experts had been employed to study the products and markets and prepare reports on all phases of the project. These reports constitute the discussions of the specialists who address the company's directors at the four luncheons. They cover:

(1) Research. Preparation and ingredients of the product; its utility and limitations. The design and form of the package. Analysis of markets and competition.

(2) Plan and copy theme. Formation of a program with detailed discussion of the budget and mechanics of media selection. Trends in copy appeals. How a sale starts and the development of the buying impulse in the consumer's mind.

(3) Merchandising and promotion. The division of responsibilities as between agencies, advertisers' media and trade. The campaign to jobbers and dealers. Dealer cooperation and the mechanics of store displays, stickers, electrotypes, direct mail plans, folders and circulars.

(4) The follow-through of an advertising campaign. The sales organization and how to sell the campaign to the sales staff. Addressing the trade, store managers, the story of the product, sales possibilities, suggestions for successful campaigns.

Annually since 1934 the club has conducted seminars for members who

showed enough interest in the enterprise to register and attend night sessions. The current luncheon programs are an outgrowth of that effort and according to present plans, the Gro-Mor directors will convene annually for a four-weeks' consideration of further developments in the organization.

Coast Paper Merger

Crown-Zellerbach will absorb big subsidiary and cut its controlled companies to 12.

IN line with current trends toward streamlining of corporate structures, the Pacific Coast's giant paper manufacturing enterprise, the Crown-Zellerbach Corp., is putting final touches on a plan of reorganization which, if adopted by stockholders, will result in a merger with the Crown-Willamette Paper Co. which it has controlled since 1928.

The move is described as intended "to concentrate operations to the greatest practicable extent in the Crown-Zellerbach Corp." Indicated value of the stock involved in the reorganization is \$100,000,000 of which \$60,000,000 is represented by preferred.

Since May of last year the two units in the proposed combine have themselves dissolved five subsidiaries so that Crown-Zellerbach under the new set-up will own or control 12 companies instead of 17. They are: The American Investment & Realty Co., The Zellerbach Paper Co. (sales), Zellerbach Paper Co. (a different firm, without the "The"), Crown Willamette Paper Co. of Texas (fruit wrappers), International Pulpwood Supply Co., General Paper Co. (sales), Pacific Mills, Ltd. (manufacturing), Clatsop Railroad Co., Pacific Coast Supply Co. (manufacturer's agent), Export Sales Co., Ltd. (newsprint export), Western Transportation Co. (river freight), Comfort Paper Co. (toilet tissue and towels). The group produced about 500,000 tons of newsprint, coarse papers, kraft board, tissue and other paper products last year.

Health Plan Snagged

HEALTH insurance, scheduled to begin March 1 in British Columbia (BW—Jan 30 '37, p34), has struck a snag. The doctors don't like it and have refused to work under it for three reasons: (1) they're not satisfied with the rate of pay; (2) the plan, they say, doesn't provide for indigents; (3) there isn't enough hospital accommodation to handle hospitalization promised. The commission, set up to execute the plan, says the doctors' rate of pay is high enough, that indigents obviously weren't meant to be included because the scheme is for employed persons only.

U. S. Loses Big Sum on Silver

Treasury has paid \$275,000,000 more than its silver is worth at the market. Its policy is a flop but silver senators won't permit a halt in buying.

WASHINGTON (*Business Week Bureau*)—No campaign pledges or convention planks are going to be violated on the silver issue. In fact there is almost a conspiracy of silence in effect now, just as there was nothing but "hush, hush" during the campaign last summer and fall as to the white metal.

Secretary of the Treasury Morgenthau thinks something ought to be done. The government is still buying prodigious quantities of silver in accordance with the silver law—which directs the Treasury to keep on buying silver until either it reaches a price of \$1.29 an ounce, or a ratio of one to three with the gold held by the government.

Actually the ratio is still about one to five—because the government has been obliged to take over so much gold poured into this country either for safety or whatnot by foreigners. Whereas the world price of silver is still slightly under 45¢, as compared with about 44¢ when the silver buying program began.

Over a Billion Invested

Mr. Morgenthau discloses that the Treasury has invested one billion, one hundred million dollars in silver since the passage of the silver act, and that the average price paid is about 60¢.

Which means that the net loss to the government on its silver operations to date has been \$275,000,000. Quite a fair loss to have been made without

getting anywhere in the direction of either of the two specified objectives!

A considerable fraction of this loss, of course, has been in the purchase of newly mined silver from domestic producers. For a long time the government has been paying them about 78¢ an oz. This price paid U.S. miners and mining companies ran along as a sort of sliding scale, immediately following passage of the act, when purchases by the government were pushing the world price up and up, disrupting fiscal affairs in China, and inspiring enthusiasts and speculators to believe that the \$1.29 objective would really be attained.

There is little reason to doubt that President Roosevelt and Henry Morgenthau entertained the same idea, and figured that when this price was attained there would be a huge profit on the silver just as there was on the gold. All the silver commandeered at the time silver was nationalized was at 50¢ an oz. The world price then soared to the 70s with Morgenthau buying.

He curtailed his buying, just a little; rumors got abroad that the move to put the world price up had collapsed; whereupon the inevitable happened—the price did collapse.

But now Mr. Morgenthau doubts that the Treasury should go on subsidizing domestic silver production so liberally. Just how much it should be reduced from 78¢ (roughly) he does not recom-



"I DOUBT IT"—Gen. Hugh Johnson, no great word-mincer, failed to mince any when the committee headed by Sen. Gerald Nye (left) asked him if profits could be taken out of war. Any nation crazy enough to go to war, advised the general, probably would not be sane enough to figure out a workable plan to block profiteering.

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Engineering News-Record

SNAKING ACROSS THE DESERT—Wide enough to accommodate a two-lane automobile highway, this section of the Colorado river aqueduct is 18 ft. 10 in. wide and 16 ft. high. The reinforced concrete conduit is built to carry about 12,000 gal. a second across 242 miles of desert, through a score of tunnels under mountains to supply the Metropolitan Water District of Southern California, Los Angeles, at a cost of over \$283,000,000.

mend. He would like to hear from the silver senators! Their answer will be very simple. Naturally they will fight to the death against any reduction in the subsidy. Any other course would be unbelievable.

The silver bloc is nothing like as strong as it was when this act was passed. It no longer has its tieup with the inflation bloc, which was willing to vote for anything to dilute the dollar. But it is still very potent in the Senate, where each of its sparsely populated states has two senators with all the rights of unlimited debate which senators from the big taxpaying states enjoy.

So a reasonable prediction would seem to be that the subsidy will continue.

World on the Air

United States now exchanges about two radio programs a day with other nations.

EXCHANGE of radio programs between the United States and other countries has grown in a dozen years to an average of two a day. England sends us far more programs than any other, but Germany takes most from us.

A few events such as the Simpson affair and its climax in the abdication of Edward VIII, the Olympic games in Berlin, and the Salzburg music festival have contributed greatly to the total number of programs, but a compilation by Max Jordan, of National Broadcasting Co., reveals that this wedding of the hemispheres covers a progressively wide range of subject matter in music,

art, science, business, fashions, and news events.

From London, for instance, on April 9, 1930, an address by Ambassador Dawes to a dinner of the Better Business Bureau in Chicago; on July 11, 1933, an address by Sir Josiah Stamp on the National Industrial Recovery Act.

From Berlin, Apr. 16, 1932, an address by D. Hjalmar Schacht, on the depression and its causes.

Dawes in Early Exchange

From London, June 12, 1933, opening of the World Economic Conference.

From London, Jan. 26, 1934, unveiling of a wax figure of Mae West at Madame Tussaud's exhibition; followed Jan. 27 by a two-way debate, on the resolution "that the profit motive be eradicated," between John Cripps and David Lewis, at Oxford, and Wells Burnette and Vernon Lyon, at Chicago.

From Paris, Apr. 1, 1934, the Easter fashion parade, described by May Birkhead.

From London, Jan. 20, 1935, R. J. Baker speaking on the stabilization of international shipping.

From Paris, Nov. 20, 1935, Mr. & Mrs. Curie-Joliot, in a discussion of research in artificial radio elements, on the occasion of their winning the Nobel award for chemistry.

To Germany Sept. 8, 1936, the opening of the World Power Conference at Washington.

There have been 2,139 programs exchanged with more than 30 nations since the first international broadcast, Feb. 8, 1924 from Havana, arranged as a demonstration before the Bond

Club in Chicago, by Gen. J. J. Carty, vice-president of the American Telephone & Telegraph Co.

Peak of Piano Boom

Sales keep jumping for more than four years. Radio seems a help, not a hurt.

A BIG 1936, followed by a big January in 1937, has set the piano manufacturers of America to thumping "Happy Days Are Here Again." This week the National Piano Manufacturers' Association said the last 13 months had been their best 13 months since radios momentarily turned the attention of buyers away from pianos.

In 1936, for the fourth consecutive year, production showed a huge increase, reaching a peak of 90,358 pianos, a jump of 38.83% over the number in 1935. In January, shipments leaped to 7,517 units, compared with 5,451 in January of 1936, making an increase of 37.9% and giving the industry its biggest January in 10 years. Unfilled orders on hand Jan. 31 were 4,841, compared with 2,546 at the end of January a year ago.

The depression, which made people spend more time at home and less in theaters and night clubs, had something to do with the new prosperity of the piano industry, beginning back in 1933. But the long-term effect of radio, although its immediate result was to turn purchasing power away from pianos, has been definitely helpful and probably has been a more important factor than business doldrums. This is due, the manufacturers explain, to the disposition of the American people to create their own entertainment, instead of depending exclusively on professional entertainers. They heard music on the radio, and wanted to see what they could do in the way of making music for themselves. A still more recent factor was the creation in 1935 of the new vertical piano, whose front looks like that of a grand piano and whose back resembles an upright.

World's Package Parade

PACKAGES from all over the world foregather at the recently opened permanent International Package Exhibition in the new offices of Container Corp. of America, 420 Lexington Ave., New York, and prove that there is nationalism in packages as well as in philosophies and faces. Here, in a constantly renewed array, packages from Spain, Latvia, Japan, Argentina, from everywhere, will enable the package buyer to keep pace with export design. Nineteenths of the packages on Container's display this month are of competitive manufacture.

Save 20% to 30% on Contacts points with



WILCO ALLOY No. 6

... IT OFFERS THE DEPENDABILITY OF PLATINUM-IRIDIUM

HERE'S a new contact material which offers many users of platinum-iridium contact points an opportunity to reduce production costs without sacrificing performance.

In hardness, Alloy No. 6 compares favorably with platinum-iridium. It resists oxidation and corrosion, reduces wear to a minimum. It practically eliminates "pitting" and "coning," and is ideal for rapid make-and-

break conditions. It is often recommended for alarm systems, signals, telegraph equipment and other devices requiring dependable contact point operation. And its cost is less than platinum-iridium.

Wilco engineers will gladly tell you if Alloy No. 6 can be adapted to your needs, or suggest another of the Wilco precious metal alloys which may better meet your conditions.

We will gladly send samples of Wilco Alloy No. 6 for tests in your own plant or laboratory. In writing for Alloy No. 6, please state conditions of use.



THE H. A. WILSON CO. 
105 CHESTNUT STREET, NEWARK, N. J. BRANCH OFFICES: CHICAGO, ILL. DETROIT, MICH.
Sellers and Wholesalers of Platinum, Gold and Silver. Precious Metal Contacts. Wilco Thermocouples.



Completely Air Conditioned with CLARAGE Combination Systems—an Unique Installation

To provide summer cooling this Clarage Air Conditioning installation utilizes BOTH cold well water and refrigeration.

Such a combination often proves ideal where cold city or well water is available, but not at a temperature sufficiently low for all cooling requirements, or where the water is cold enough, but supply is limited.

Operating in the Bell Building are three separate Clarage Combination Conditioning Systems. The two base-

ment systems care for a first floor cafeteria and a dress shop. Second and third floor offices are supplied by the roof pent house system. All three systems furnish winter heating, as well as summer cooling and dehumidification.

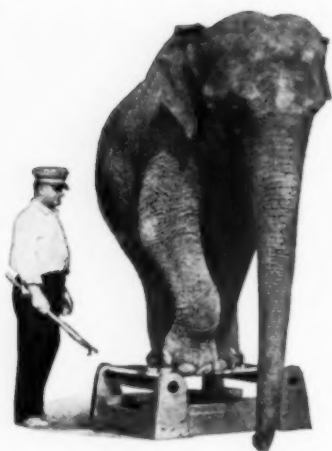
If you need any type of air conditioning for your factory, office, store, theatre, restaurant or home, the name CLARAGE on the required equipment is a definite assurance of satisfactory results without most economy.

CONSULT YOUR ARCHITECT OR ENGINEER—OR WRITE US!

SPECIFY CLARAGE

for COMPLETE AIR CONDITIONING VENTILATION HEATING COOLING MECHANICAL DRAFT FANS & BLOWERS FOR INDUSTRIAL NEEDS

CLARAGE FAN COMPANY • Kalamazoo, Mich.
SALES ENGINEERING OFFICES IN ALL PRINCIPAL CITIES



TUF-FLEX

THE Glass THAT WITHSTANDS UNUSUAL STRAIN...



IT TWISTS...

WITHSTANDS
THERMAL
SHOCK



● Tuf-Flex can be twisted beyond the limits of ordinary plate glass without breaking. Tuf-Flex is STRONGER—a 2-lb. steel ball drops 5 feet and bounces from a 12"x12" light of $\frac{1}{4}$ " glass; ordinary plate glass breaks when the ball is dropped less than 2 feet. Tuf-Flex withstands THERMAL SHOCK—it doesn't break when molten lead is poured over it even though the glass rests on a cake of ice.

Tuf-Flex differs in its physical qualities only. It has the same chemical characteristics, the same degree of clarity and light transmission as ordinary plate glass. In addition to Clear and Colored Plate Glass, Tuf-Flex is available either Sand Blasted or with color fired onto the glass in varying degrees of translucency and opacity—any size or shape up to 48". When broken, Tuf-Flex disintegrates into comparatively harmless particles—thus greatly reducing the injury hazard. Industry will find many ways in which Tuf-Flex will offer a welcome improvement... For full information, write to New Uses and Research Department.

LIBBEY • OWENS • FORD GLASS COMPANY . . . TOLEDO, OHIO



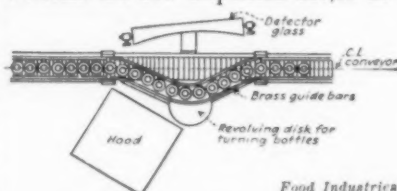
New Products—New processes, new designs; new applications of old materials and ideas.

Now that winter has decided on a more normal distribution of snow and ice, operators of motor cars and trucks will be interested to hear that Sand-O-Lator Co., 5-7 Cameron Ave., Cambridge, Mass., is ready with an electrically operated safety device which spreads traction-producing sand in front of each rear wheel. A sand hopper, holding sufficient sand for many applications, hides itself under each front mudguard, delivering sand through conveying mechanisms under the running boards to bell-shaped outlets just forward of rear tires.

BRATWURST, blutwurst, red hot dogs, and liverwurst have all been clothed, these many generations, in skin tight pants. Southern darkies have long preferred their snuff similarly accoutered. John F. Jelke Co., 759 S. Washtenaw Ave., Chicago, is feeling out the market on its smoked Cheddar cheese packed for convenience and high shippability in sausage-type casings.

GAS users who have eyed wishfully the efficient automatic gas cut-offs used on several items of print-shop equipment may welcome the news that Static Eliminator Co., 239 Centre St., New York, is adapting them to general gas-fired industrial equipment. They will operate precisely by thermostatic, electrical, or mechanical control, as may befit a particular operation.

INSPECTORS responsible for detecting "leakers," foreign material, and other defects in bottled goods, cellulose-sacked packages, or what-have-you, will welcome the new inspection device de-



Food Industries

veloped by Cleveland Union Engineering Co., Cuyahoga and W. 4th Sts., Cleveland. A light under the hood throws amber rays, suitable for inspection and easy on the inspector's eyes, onto the articles passing along conveyor. Each article turns once on the revolving disk or table. The concave reflector, or "detector glass," supplies an enlarged, readily inspectable amber image of the revolving article. It is understood that the inspector may adjust light and/or mirror to various positions for maximum visibility.

RESPONDING to a demand for street numbers, monograms, trade marks, or other decorations on its protective rolling grilles for store fronts, entrance doors, and loading platforms subject to trespass, Cornell Iron Works, Inc., 36-20 13th St., Long Island City, N. Y., is preparing to furnish them on special order. Any reasonably simple design can be used on the grille.

A GRAND stage-setting for the efficacious display of small articles will soon become available in the "Teletouch Magic Ball." As the shopper approaches this 14-in. silvered crystal



Business Week

ball, the shopper's own electrical body capacity energizes the device, whereupon a spot light gleams on the merchandise, and the ball suddenly becomes transparent. Teletouch Magic Mirror Corp., 37 W. 54th St., New York, will be geared to supply displays for either indoor or outdoor use.

DESCRIBED as "nitrogen bubbles sealed in rubber," is "Rubatex," a new product lighter than balsa wood and more buoyant than cork. In rounds, semi-rounds, and flats, this soft resilient waterproof material will find a thousand uses in vibration dampening, insulating, and upholstering in the broad sense. Virginia Rubatex Corp., 1 Exchange Pl., Jersey City, is also prepared to furnish it in semi-hard molded shapes for airplane strut fairing and the like.

EDGES of mechanical drawings and valuable papers are particularly subject to mutilation. Comes Vertex Co., 5 Great Jones St., New York, with a taping machine which will tape such edges with kraft paper or transparent cellulose. Turn a crank; feed sheet through paired rollers. Machine will handle any thickness from tissue to 1/16 in. and will even bind round or oval forms between two layers of cellulose.

Eccles Cheers Bond Men Up

He predicts stability in long-term bond prices. Market improves, but some new issues are postponed because of hesitation about interest rate.

BOND men are a little happier, thank you. Federal Reserve boss Marriner S. Eccles has enunciated the most positive credo of confidence in price stability of long-term bonds yet vouchsafed and, what's more to the point, prices have rallied moderately.

But to say bond men are happier is not to hint that they are downright enthusiastic over the outlook; 10 days ago they were in the depths of gloom, and the improvement in their feelings is only comparative. Nevertheless, the actual betterment in the market has encouraged sales effort. And sales effort was needed to clean up a few sticky new issues. Now they are hesitant about bringing out many additional new bonds, but they are pleased to report that only a couple of the issues previously offered present any real problems.

Where the Problem Comes

The essence of the trouble is this. For weeks the Federal Reserve authorities pondered higher reserve requirements against deposits and then they shot the works (BW—Feb 6 '37, p. 22). While the step was under consideration bond prices wavered. After it was taken they rallied, then went into a tailspin. The result of the break was to make prices 2%-6% lower, or, con-

versely, to bring yields about $\frac{1}{2}\%$ higher on high grade corporate bonds. A supplementary result was lower offering prices and greater sales resistance on new issues.

But, as is often the case in such circumstances, there was one conspicuous sore spot contributing to the unsettlement. The \$50,000,000 issue of City of New York 3s offered at 103 $\frac{1}{2}$ didn't sell and the price had to be cut to par. (BW—Feb 13 '37, p. 51). Corporate bond traders don't often keep one eye glued on the municipal market, but in this instance the situation was so touchy that they did. Every time even a small block of bonds came out they pulled their bids a bit.

Waiting for the Market

Symptomatic of this situation were several unusual occurrences. The impending \$36,000,000 financing by Detroit City Gas was postponed for more stable market conditions. And the \$130,000,000 Philadelphia Electric refunding issue was filed with the Securities and Exchange Commission without specification of a coupon rate. Most registrations specify the coupon, and a month earlier Philadelphia Electric (with a very high credit rating) probably would have sold 3 $\frac{1}{2}$ s. At present the syndicate appears to fear the job will have to be done at 3 $\frac{1}{2}\%$ although it still seems to hope to wait the market out and save money through 3 $\frac{1}{2}$ s.

There are several reasons for the waiting attitude. Many observers who are not as close to the situation as the bond houses (hence feel they have a better perspective) contend the decline was overdone. Encouragement has been derived from the fact that institutional investors have not been selling in any volume, although they certainly haven't been buying new issues.

Support from Washington

As one bond man put it: "We sat around and worried; now we, along with the newspapers, have talked prices down on ourselves." Those who agree with him are looking for a good rally to develop in the course of the next few months.

And they derive no little support from Mr. Eccles. Testifying before the House Banking and Currency Committee, he said that short-term money rates had gotten excessively low and might be expected to rise. However, he declared for low long-term interest rates and said that he anticipates stability in



Wide World

REASSURING—Chairman Marriner S. Eccles (left) of the Federal Reserve Board tells Rep. Henry B. Steagall, head of the House Banking and Currency Committee, that the boost in reserve requirements should stabilize bond prices, should not mean higher long-term interest rates.

LOOK HERE

FOR THE RIGHT PREMIUM



ARROW ALUMINUM COOKING UTENSILS BUILD SALES

The Arrow 44-page catalog is filled from cover to cover with illustrations showing and describing Aluminum Cooking Utensils. In this extensive, practical, and well known line are utensils that you will find exactly suited to use as premiums to your dealers. Many manufacturers have found the Arrow line the one to use to increase sales. In this way they keep their dealers interested to a greater degree and keep these dealers pushing their products.

You can use Arrow Aluminum Cooking Utensils advantageously in your new plans to "pep up" dealers' orders and dealer activity with your products. Send for the catalog today.

WEST BEND ALUMINUM CO.
Island Ave. West Bend, Wisconsin



Mountain Water for Coast City

No small engineering triumph is the building of the huge aqueducts that will give the Los Angeles district fresh water from mountains over 300 miles away.

And the key to construction lay in the scientific use of modern industrial explosives.

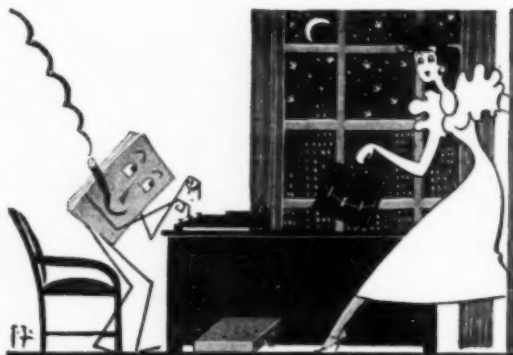
Few people think of explosives as contributing to the comfort of great cities. Yet explosives, serving as controlled force enable man to adapt Nature to his benefit so frequently that present day aqueduct building seems almost commonplace.

It is all part of industrial progress—and through its laboratories, Atlas Powder Company contributes its share.



ATLAS
POWDER COMPANY
Wilmington - Delaware

A Business Paper Advertisement Writes Home



DEAR BOSS:

Say, these babies in Construction aren't fooling!

Riding around in ENGINEERING NEWS-RECORD is like being brass ring in a merry-go-round, — everybody grabs at me. And no rest ahead. Why Boss, do you know the 1937 Construction forecast is six and a half billion dollars? That's one hundred and twenty-five million smackers a week, Boss, in round, square, or oblong numbers!

These ENGINEERING NEWS-RECORD boys certainly get around with the Big Beams and the Right Rivets. Honest, I cozy up to men here whom I couldn't have tagged with a Coast Artillery rifle in some magazines. What's more, I sell 'em. (Even your salesmen say, "Nice going, kid", when we meet.)

I get such a hand-around that I'm limp in the binder, Boss. 100% coverage of the subscribers who really buy in Civil Engineering and Construction. (Of course, I miss seeing the women now and then — you know how salesmen are.)

I thought I'd get a rest in the office tonight, Boss. But the Top Transit here just told his secretary to stick me in his briefcase. That means marks by morning — I'll be lucky if he doesn't tear me out altogether! ENGINEERING NEWS-RECORD gives you the longest ride for the money you ever got. It ought to pay you to boost my travel schedule to 52 trips a year, instead of 39. How about it?

J. Tellum

P. S. ENGINEERING NEWS-RECORD is only one of the 24 McGraw-Hill Publications. Better take a look at 'em, Boss.

In Business Papers you can talk the language of the men who buy

Advertise First in the Papers Men Have to Read!

When a contractor buys trucks, he wants tough ones that can "take it" in the smashing haulage jobs the other side of the detour signs. If you were trying to sell him *your* trucks, would you meet him in the barber shop and talk about a beautiful paint job? Or would you find him on the job and tell him how *your* trucks move yardage under conditions just like his?

Every trade "talks its own"

Business papers are edited by men *close* to the field involved. They have to be, to command attention and respect. Many business paper editors have worked in the shop, or with the tools of the trade. They not only know the vernacular, but also the problems of the industry at first hand.

Business papers, therefore, bring to the reader, in his own language, vital information about his work, his job and his fellow-workers. Men read these papers,

not for entertainment or relaxation, but for knowledge and advancement in their life work. They read them because they want to make more money for their business — and for themselves.

Relieved of the burden of mass circulation among the thousands, perhaps millions, who play no part in *buying for business*, the business paper takes your advertising message at the lowest possible cost per contact right to the men who influence buying. And *only* in business papers can you talk to the buyer in the language of his own specific business.

☆ ☆ ☆

McGraw-Hill Publications are edited by men who are widely known and accepted as authoritative writers in the fields they reach. These magazines are bought — *and paid for* — because they are the valued business tools of the men who read them.

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"Where your advertising dollar goes to work...not to waste"

American Machinist
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Business Week
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Electrical Merchandising

Electrical West
Electrical Wholesaling
Electrical World
Electronics
Engineering and Mining Journal
Engineering News-Record

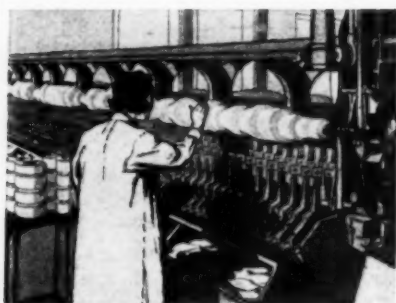
Factory Management and
Maintenance
Food Industries
Metal and Mineral Markets
Mill Supplies

Power
Product Engineering
Radio Retailing
Textile World
Transit Journal

McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y.

Sightseeing WITH BAKELITE* *Textile Industry*

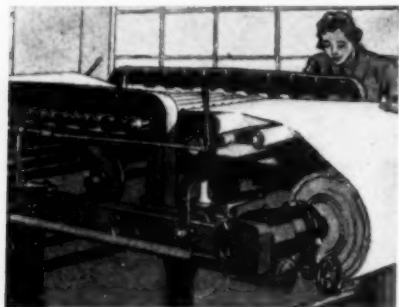
Continued from page 2



Automatic Spooling—Higher operating speeds are made practical on the Barber-Colman Spooler through forming five important operating parts of Bakelite Molded.



Worsted Weaving—A Bakelite Molded "feeler" is used on the Crompton & Knowles high speed loom. This part operates about 35,000 times in an eight hour day.



Silk and Rayon Finishing—In finishing silk and rayon fabrics, these are run through a Van Vlaanderen "Button Breaker Machine" with button-rolls of Bakelite Molded.

*Trade Mark Reg. U. S. Pat. Off.

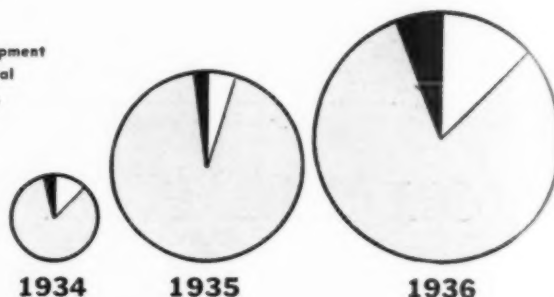
Bakelite Corporation, 247 Park Ave., New York
Bakelite Corp. of Canada, Ltd., 161 Dufferin St., Toronto

Continued on page 63

1936 JUMP IN NEW FINANCING

Plant and Equipment, and Working Capital Loans Soar With Recovery

■ Plant and Equipment
□ Working Capital
□ Refunding, etc.



	1934	1935	1936
Plant and Equipment	\$ 17,604,802	\$ 46,236,476	\$ 230,969,074
Working Capital	58,333,177	105,640,222	493,832,440
Refunding, etc.	402,196,021	2,079,103,427	3,272,264,912
Total	\$487,134,000	\$2,230,980,125	\$3,997,066,626

Data — Securities and Exchange Commission

© BUSINESS WEEK

long-term bond prices around recent levels.

The Federal Reserve chairman put a new light on the boost in reserve requirements. He asserted that too high bond prices would lead investors to regard these liens as more speculative than stocks, to pull their money out of them. This the board desired to curb by raising reserves; a stabilizing move.

Banks still are left in midstream on their investment problem. They don't know whether they are in a declining bond market in which they will have to take portfolio losses (against which accumulated profits and reserves may or may not be adequate). And they can't be quite sure whether the Federal Reserve authorities are going to oppose higher money rates in all but the shortest term categories. There is a growing agitation for allowing banks to carry their high grade bonds at par.

That would tend to relieve one-half the problem. It might make new issues easier to sell, further encouraging the bond houses which fattened on 1936's large volume of new offerings (see accompanying chart and tabulation) and hope to do as well or better this year.

Anti-Dust Law

BLACK blizzards now are against the law in Kansas. The new statute declares that farmers must take steps whenever top soil starts to drift. Requisite action is outlined as plowing, furrowing, listing, chiseling or cultivating or "by such other practical methods as have been demonstrated by experience as most effective." If the farmers or their agents don't act, county commissioners are compelled to do the job and may levy an additional tax up to \$1 an acre to cover their expenses.

Speed Up the Trains

Southern Pacific and Key System plan advanced rapid transit methods on Bay Bridge.

INGENIOUS advances in rapid transit technique are to be applied to the systems operated by the Southern Pacific Co. and the Key System over the San Francisco-Oakland Bay Bridge in 1938.

Ten-car trains will be run at a speed of 35 miles an hour on a headway of 63.5 seconds during rush hours and with maximum safety through the use of automatic cab signals. The motorman will know exactly what conditions are ahead of him regardless of the weather. He will be informed of the safe operating speed by a series of colored lights ranging from green for 35 m.p.h. and green over yellow for 25 m.p.h. down to red for eight m.p.h. Should he neglect to follow directions within two-and-one-half seconds after the signal is flashed, the brakes will be automatically applied.

An alternating current of 100 cycles will operate the complex cab-signalling system. The current, automatically interrupted or coded a certain number of times per minute according to conditions ahead of the train, will be picked up by a coil suspended over the rail just ahead of the first pair of wheels of the train in the same way in which a radio program is picked up by the antenna. Impulses received will be amplified to operate the signal lights in the motorman's cab, and the correct headway of trains will be attained.

During the morning and evening rush hours about 9,500 persons will be carried in the 18-minute peak periods. For this, 15 trains will be needed on a 63½-seconds headway.

*BUSINESS WEEK (IN THE NEXT NINE PAGES)
REPORTS TO EXECUTIVES ON A SURVEY OF—*

INDUSTRY ON THE MOVE

Why and where plants and industries are
migrating, what the decentralization trend
means, how new competition is changing
the geography of industry.



Number 2 of a series of special reports on current business opportunities, problems and trends of outstanding significance. Made for executives by the editorial staff of Business Week, McGraw-Hill Publishing Co., 330 West 42nd Street, New York, N. Y. Covered under the general copyright on the February 27, 1937 issue.

INDUSTRY is on the move. That truism, as old as industry, has a new importance now. A depression and a recovery have again changed the face of markets and the line of production planning. They have accelerated shifts in our social and economic balance bound to affect the geography and organization of business. They have helped to crystallize long-term trends involving (1) a migration of plants and of whole industries to new locations, (2) a process of decentralization in manufacturing enterprise, and (3) a rise of new competition in new places. Today a clear understanding of shifting American industry in these terms is vital to business executives and to those who would build up the cities to which business comes—and from which it departs.

Into the shift enters the effect of such concrete industrial contributions as the motor car, new road materials, huge power transmission systems, diesel power, faster means of communication and transportation, all of them exerting a cumulative pressure, increased by the events of recent years. But getting more attention now is the effect of new kinds of federal and state legislation that reach into every department of business.

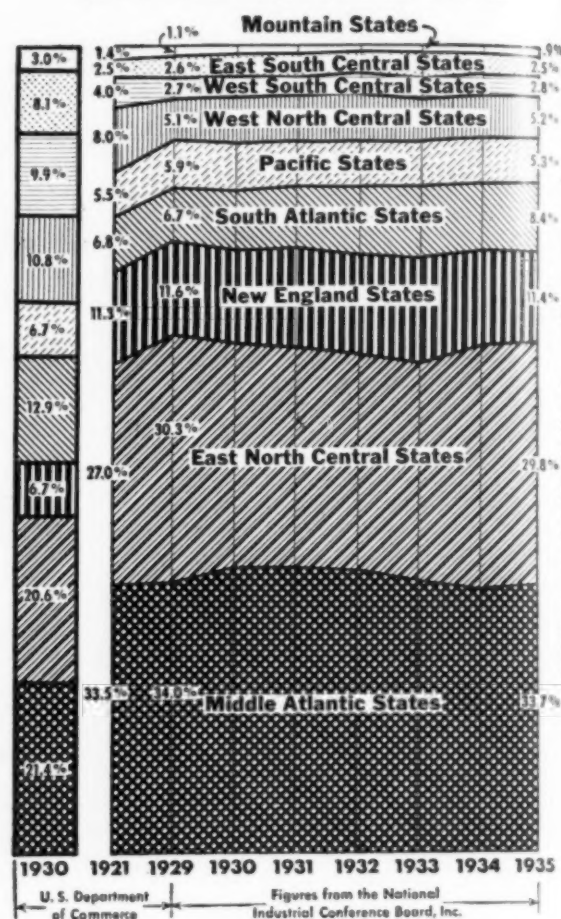
This governmental contribution is easy to see. Financing is under the far-reaching influence of the securities act. Basic policies of management must be revised in the face of the new tax law. Production must cope with legislative ideas that were born with NRA and didn't die with it. The Wagner and Walsh-Healey Acts—and more to come—add fresh complications to the old labor problem. Marketing in all its phases must be revised to meet new conditions if the Robinson-Patman law is to prevail and to encourage other restrictions on our traditional system. Such changes in the rules of competition mean inevitable changes in the physical setup of American industry. They have already joined their effects to those of the longer-term developments.

What the combined effects have been and are likely to be in shifting American industry can be seen from a survey of what has happened. However, such a survey is not easily made. There is no central governmental or private agency studying the migration of industry, the trend of decentralization, and the rise of new competition. What basic data can be drawn—with time and patience—from such valuable sources of cold figures as the Biennial Census of Manufactures must be supplemented by a wide experience in the field, special studies of actual movements of industry, and far-reaching individual surveys. To provide for this report a picture of what is happening, *Business Week* began its own survey in early 1936. Typical of the job just completed to get the material for the sections following is a single study of new enterprises which embraced 50 of the country's most important manufacturing cities and involved reports on 3,671 new manufacturing concerns.

I. Migration

ANY study of the migration of plants and industries will reveal that our manufacturing activities are in a state of flux probably never before approached in our history. This means that executives must, as never before, learn how to appraise the competitive status of

Manufacturing Income Shifts



MEASURE OF CHANGE—The layer chart on the right shows how each section's percentage contribution to the country's total income from manufacturing shifted throughout the years 1921-1935. Actual percentage figures for the significant years, 1921, 1929, and 1935 appear on the chart. The bar at the left shows each section's percentage of the total population of the United States at the last census.

their products and their plant locations if they are to avoid being caught at an irreparable disadvantage. Location must be studied in the light of labor costs, raw material costs, freight rates, and shipping facilities. Reasons for being where you are may not be valid any longer—and your competitor may realize that if you don't.

SOME of the standard reasons for changing location can be brought out by a survey of some of the changes that have already been made. Most of the industrial shifts discussed here will be very recent ones, but no discussion of industrial migration would be complete without brief references to the two major instances of this kind of movement since the turn of the century.

One is, of course, the dramatic trek of the cotton textile industry from New England to the cotton-growing South. When this was started, New England had 90% of the active spindles in the country. It progressed so irresistibly that 1924 saw the South dominant in the field, and

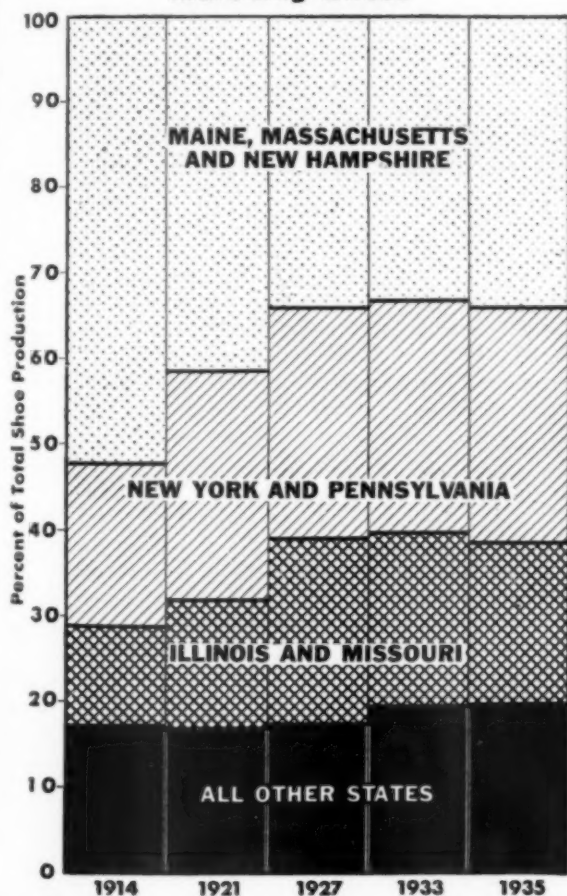
the end of 1936 found New England accounting for only about 25% of the active spindle hours.

NO less dramatic, but less drastic, was the migration of the shoe industry. This involved the movement of shoe production from the Atlantic seaboard states to the Middle West. It proceeded so steadily that, by 1914, New England's chief shoemaking states—Maine, Massachusetts, and New Hampshire—accounted for only 52% of the country's total and by 1933 their share had been reduced to 33%. In the same period, New York and Pennsylvania increased their slice of the business from 18.9% to 26.9%, while the Illinois-Missouri sector jumped its proportion from 11.3% to 19.9%.

However, it is important to note that later developments have indicated a reversal in this particular shift of American industry. By 1935, New England had come back to nearly 34% of the shoe manufacturing and the New York-Pennsylvania area had also improved its share slightly, while Illinois-Missouri had lost what the Eastern producers picked up.

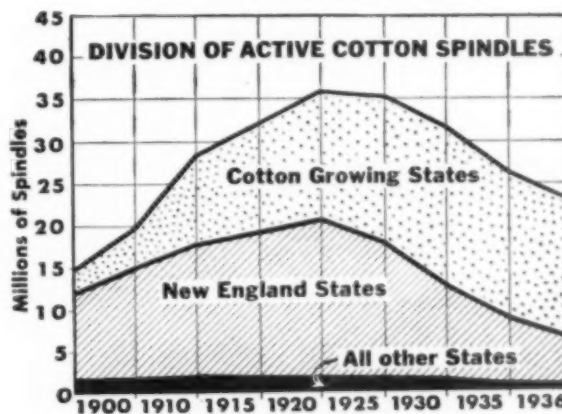
Events of the last year or two show that the paper industry, notably the Kraft paper branch, is in a fair way to becoming the third important industry to stage a major migration. However, the reasons here are neither

Marching Shoes



WESTWARD HO—But the shoe industry's shift from the Atlantic seaboard to the West has recently shown signs of a reversal. The original shoe-making states are gaining again.

Cotton Textiles' Trek



GOING SOUTH—The shift of the cotton textile industry from New England to the cotton-growing states is the classic example of economic migration by a whole industry.

the mere desire for a better labor market nor interest in getting closer to raw materials. Paper is moved by a new process which makes it possible to produce Kraft and certain types of pulp from slash—a fast growing pine.

This process is comparatively cheap, so that pulp can be turned out at \$6 to \$10 less than import prices. Vast tracts of the desired type of pine are available in the Southeastern States, capable, when properly replanted, of producing a continuous supply to a centrally located plant. Water transportation to the Atlantic seaboard via coastwise ships and to the Central States via the Gulf and the Mississippi is sufficiently cheap to put the finished product into distributing warehouses at a lower cost than is possible on goods made in Northern mills, chiefly from imported pulp.

Some idea of the momentum of this Kraft paper migration can be gained from facts like these:

(1) Within a few years the South has jumped from practically zero in paper production to turn out 30% of all our Kraft paper; (2) the Union Bag and Paper Co. is building its third new mill at Savannah and, according to official estimates, expects to save \$3,000,000 annually when all its production activities have been integrated in the South; (3) Container Corp. of America is erecting a \$6,000,000 Kraft pulp plant at Fernandina, Fla.; (4) International Paper and Power Co., through its subsidiary Southern Kraft Corp., is spending \$8,000,000 on its second southern mill at Georgetown, S. C., the first being already in operation at Panama City, Fla.; (5) Scott Paper Co., through its subsidiary, Brunswick Pulp and Paper Co., plans to build at Brunswick, Ga., a \$3,500,000 plant; (6) other paper plants are under construction at Franklin, Va., Charleston, S. C., Crossett, Ark., and Houston, Tex.

WITHIN the last year or two signs have accumulated that other industries are likely to succumb to the lure of the savings that may come from locating production closer to raw materials, or where power is cheaper, or labor markets are more favorable, or some other advan-

tage may be gained. Among these are the chemical and paint industries.

For instance, Illinois Zinc Co. has recently completed the transfer of its smelting operations from Peru, Ill., to the Texas Panhandle where it will be a thousand or more miles closer to its ore mines in New Mexico and, incidentally, where it can buy natural gas for the smelting process at a fraction of what it cost to smelt in Illinois with coal, even though that coal came from the company's own mines.

Similarly the Monsanto Chemical Co. recently acquired land in Tennessee containing heavy deposits of phosphate. There strip mining operations will provide the raw material for a treating plant that is now being constructed to produce phosphoric acid and which will use power purchased at low rates from the Tennessee Valley Authority.

SOME observers predict that, before long, important production units of the paint and varnish industry may be moved to Southern locations. They point out that our production of turpentine, resin and tung oil—all extensively used in the production of paints and varnish—practically centers in the Southeastern territory adjacent to the Atlantic and Gulf Coast, and that this fact, together with the steadily growing importance of the South as a market for these products, will make at least partial migration logical and economically sound. As a possible trail-blazer for the industry, they point to the new plant for the processing of resin just completed at Jacksonville, Fla., by the Glidden Varnish Co.

Steel offers interesting evidence of migratory tendencies. The long-trend westward shift of the industry and its movement toward the automobile factories is well understood. Recent years have released new movements.

A careful study of the U.S. Steel Corporation's decision to expand further its Southern production center—Birmingham—indicates that this move must be classed chiefly as a case of migration rather than decentralization (an outstanding phase of the shift in industry which will be taken up later in this report).

Existing capacity at Northern mills is considered ample to meet current and early future requirements, but the corporation is spending \$29,000,000 for new capacity at a production center where its labor problems have, so far, been less complex, where state and local interests are sympathetic, where other advantages accrue.

However, the new tin plate mill scheduled for Birmingham may qualify as a decentralization project in that it will insure savings in transportation charges and time in serving a territory that is now absorbing a steadily increasing volume of tin plate, due to the tremendous recent expansion of canning activities in the Southeast and Gulf states.

Finally, important examples of plant migration may be drawn from the Pacific Coast—though many of the moves to that territory are explained by decentralization policies. One interesting move to the Coast is that of the airplane builders, motivated in part by their search for year-round flying weather.

The underlying reasons for relocating plants differ widely among industries. Where the assembly of raw

materials involves heavy transportation and handling costs, savings in that direction have frequently been held to justify moving. Better labor markets, few obstructive state laws, more favorable taxes, more sympathetic local governments have figured prominently among the lures to migration. Sometimes knowledge of the availability somewhere else of a certain desired class of labor has started a company packing up.

For instance, Chrysler Corp. recently moved the production departments of Airtemp, Inc. (its subsidiary which makes air conditioning equipment) from Detroit to Dayton, O. There was still plenty of room for expansion in the Detroit Dodge plant where Airtemp equipment was being produced, but the business was growing and a larger supply of expert labor was needed. Dayton seemed the ideal spot because General Motors has had its production of Frigidaire refrigerators and air conditioning equipment centralized there for many years and other large plants like National Cash Register Co. have built up a pool of skilled labor over a long period.

Common causes of migration are the cost-boosting effects of obstructive state or local laws and of extraordinarily high taxes. These often result in an exodus that is not confined to any particular industry.

In the state of New York the loss of industrial concerns became so serious a problem in various cities several years ago that a so-called "Committee of 25" was organized to find ways and means for preventing further emigration and to formulate plans for attracting new industries into the state. Instances can be cited where large concerns moved a comparatively few miles across the border to an adjoining state. Here they were able to hold most of their trained working force, while gaining drastic reductions in taxes and more bearable conditions.

THIS emigration of industries in search of more favorable laws and less crushing taxes is expected to create serious problems in certain Wisconsin cities.

For instance, one important Wisconsin manufacturer recently erected a duplicate plant in another state 400 miles east, not because he needed more capacity, but because frequent serious labor troubles and violent disturbances, benignly tolerated by a sympathetic local government, had made continuous production a matter of speculation.

Another Wisconsin concern which carries an annual local tax burden of \$68,000, in addition to having to endure difficult labor conditions, is now erecting a plant of larger size in a second state where its annual taxes will amount to only \$16,000—a cut of over 75%—and other valuable advantages will be gained.

Labor conditions and tax burdens also are held responsible for the recently announced decision of the J. I. Case Co. to purchase the old Velie automobile plant at Moline, Ill. The Case plant at Racine was employing over 1,800 men when a strike closed it early in November and officials are now reported planning to transfer machinery and operations to Moline.

Activities of labor unions, restrictive ordinances, useless inspections, zoning regulations and traffic problems are held responsible for industrial migration from the congested centers of large cities to fringe areas or satel-

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late cities. An exodus of this kind from New York City has brought about the appointment of a special business committee to study the situation. Incidentally, local labor unions there have taken a hand and, in one recent court case, succeeded in having a "runaway" concern enjoined from moving, on the ground that the move represented an attempt to escape provisions of the union's contract. In Philadelphia, local interests are aroused by the

put a new town on the map. Shoe production, in its westward shift, at first centered in large cities, but subsequently diffused to smaller towns, the latter movement receiving added impetus when the NRA code for the shoe manufacturing industry provided for wage differentials and permitted lower wages in small towns.

Observers who have studied the apparent trends in migration say that large industrial concerns employing



CASE STUDY—General Mills, Inc. offers an excellent example of the decentralization trend in the American industry. Primary purpose of the setup of this company (shown at the left) is to ensure that it has processing units well-scattered over the principal grain-producing areas of the country. Droughts and crop failures in a single region cannot put the organization at a disadvantage. Markets are also well covered by such decentralization of production.



CASE STUDY—Loose-Wiles Biscuit Co. like other manufacturers of bakery goods, has a vital interest in getting its perishable products to consumers while they are fresh and in distributing them at the lowest possible cost. To achieve these purposes, it has followed the decentralization trend covered in this survey and located plants at strategic points throughout the country, as shown at the right. This is a very common type of decentralization in industry.

continuing migration of hosiery manufacturers, chiefly due to obstructive and destructive tactics of the labor unions. While some hosiery plants have simply moved to or established branch plants in smaller towns in Pennsylvania, some of the larger and well financed concerns have established themselves in Southern cities. However, other branches of the textile industry and other industries not hampered by obstructive labor tactics continue to find Philadelphia a satisfactory location because of its close proximity to the nation's major markets.

In the absence of complete, detailed records, no definite answer can be made to the question of whether migrating plants move to large cities or to smaller communities. In the trek of textile mills, obviously the move was to smaller towns; in many cases, the mill management simply

several hundred persons generally seem to settle in a smaller community than that in which they were previously located, but no definite trend has been found where small concerns are involved.

For certain types of industries the advantages offered by large cities in the way of plentiful labor, good transportation, police and fire protection are more than offset by disproportionately higher taxes, more and stricter local regulations, and various other disadvantages that are not found in most of the smaller cities. However, for many kinds of industries these smaller-town advantages cease when the community gets down below 25,000 population.

Among students of industrial activity the opinion prevails that migration of industries will increase rather than decrease in future and that New Deal legislation, as

previously remarked, will serve as a spur to the movement. They point out that the actual cost of labor as such and of new laws that are directly designed to benefit labor will become a steadily increasing factor in production cost, while it is reasonable to expect that the intensity of competition will grow not less but continually greater.

They reason that, with labor cost at least partially removed from its control, management will address itself to the task of effecting savings in those directions where it still exercises control. This means that management will give increasing thought to the economics of plant location and, whenever migration can result in substantial savings on controllable expense, will not hesitate to make the move.

II. Decentralization

A SPECIAL phenomenon of shifting American industry is decentralization. This is not a movement of production, of plants, of whole industries to new locations but an addition of new locations to old ones in a general spreading-out process. It is, of course, not a new process—manufacturers have long been throwing out units to conquer fresh markets—but it has some new motivations.

One of the more familiar types of decentralization is that of the cement industry. A few decades ago practically all our cement was made in the Lehigh Valley of Pennsylvania. Now, with a combination of high freight rates and low selling prices, producers have found it necessary to establish plants in important marketing areas. Today every important cement company operating on a national basis has numerous plants. Those of the Lehigh Portland Cement Co. are scattered across the country in 10 states; the International Cement Corp. has plants in eight states; Alpha Portland Cement Co. operates in seven states.

The meat packing industry has, for many years, been decentralizing its operations to save two-way freight charges and to reduce spoilage and selling costs. Today, Chicago's famous stockyards are merely its largest focal center. Swift & Co. operates 48 packing plants and several hundred sales and distributing offices. President Robert H. Cabell, of Armour & Co., states that that corporation, with packing plants previously situated in 15 states, has, in the last two years, added 12 plants in territories where it was not before represented.

The necessity for saving two-way freight charges on heavy steel cylinders and the constant pressure for lower selling costs has forced decentralization by companies supplying various gases for commercial use. So, today, Union Carbide and Carbon Co. operates over 160 plants in strategic locations while the Air Reduction Co. has 133 plants located in 83 cities.

In the canning industry large interests were forced into decentralization from the start, since canning had to proceed at or near the point where crops were grown. For instance, California Packing Corp., largest single factor in its field, has 75 separate canning plants in the state of California. Furthermore, the companies supplying the cans early found it much easier to ship sheet tin plate than finished cans into the canning centers. Result: American Can Co. operates over 50 plants and Conti-

nental Can Co., at last accounts, also had nearly 50 separate units.

The perishability of their products and the need for more effective competition against small local producers has forced national advertisers of biscuits, crackers, bread and other bakery products to decentralize extensively, so that today National Biscuit Co. has plants in 32 cities, United Biscuit Co. in 15, Continental Baking Co. operates 169 bakeries in 28 states, General Baking Co. has 46 plants in 20 states, Ward Baking Co. has 21 units. Some of these plants were purchased; others were erected expressly to improve sales and service in the particular territory.

An excellent example of decentralization for the purpose of improving service and sales opportunities is supplied by Simmons Co., maker of nationally advertised beds, mattresses and furniture. This company will shortly start the wheels of its eighth plant in a process of decentralization which was started some years ago and was reflected in new plants erected within the last two years at Dallas, Los Angeles, Kansas City, and Seattle.

Newer causes are operating along with older ones in the much-publicized decentralization of the tire companies concentrated at Akron. P. W. Litchfield, president of the Goodyear Tire & Rubber Co., referring to the company's purchase of a plant at Windsor, Vt., said recently, "Experience has taught us that a 5,000-tire plant running at full capacity with a standardized line can be just as efficient as one of 20,000, 30,000, or even 40,000 units with a fluctuating volume." T. G. Graham, vice-president of the B. F. Goodrich Co., which is equipping a tire plant at Oaks, Pa., added, "Customers let it be known that we had better establish additional plants outside of Akron if we expect to enjoy our full share of their business." But Akron business men said grimly, "We had better set about straightening out the labor situation and selling our plants on Akron if we want to hold our city's industrial position." Today Akron's troubles and Akron's campaign against trouble throw a dramatic spotlight on the way in which obstreperous labor is impelling corporations to decentralize production so that it cannot be tied up by a strike at one point.

The important need of assuring a steady flow of minor parts and accessories to prevent any tie-up in the production line and the competitive pressure for lower shipping costs on the finished product are promoting the drift toward decentralization in the automobile and allied interests. Parts manufacture is being divided up among many scattered factories and more assembly plants are being erected in strategic marketing locations. Labor is also a factor in the process here, as witness both recent history and the continued talk of spreading out to eliminate "bottle necks" that agitators may close.

THOSE who have studied the factors that have prompted decentralization in various industries point out that, up to the last few years, the need for getting production right into the major markets has been the major motive. Today the increasing complexity of the labor situation is changing the picture of the trend. And another change is coming with new laws which have a pyramiding effect upon large business enterprises.

For instance, it is now felt that the Robinson-Patman

law may act as a new cause of decentralization, particularly in certain consumer-goods industries where manufacturers have had their production centralized in single plants. Through the erection of small plants to serve specific customers or trading areas, these manufacturers would be able to avoid the penalty of high transportation costs, which become increasingly important under this law by which delivered prices and price differences must reflect transportation costs. The erection of such regional plants is considered most probable in those lines where no great investment in equipment is needed.

There is other legislation already on the lawbooks or now in the course of preparation which is likely to have an important bearing on this decentralization of American industry. Meanwhile, the growth of new markets away from the old production centers exerts its continuing influence. Business is wondering if, in the present distribution of population, centralized production of any product is ever justified, except when the weight and nature of raw materials and processes clearly proves it so.

Finally, up-and-coming cities and alert local business organizations all over the country are interested in a movement which brings new industries to town. For them it can be said that none of the available data on decentralization show any definite trend toward any particular type or size of city. In this kind of plant location, relation to markets is most frequently the major consideration, but labor conditions are getting increased attention, taxes and transportation are always important.

III. New Competition

NO survey of American industry's changing geography is complete until the map that traces its migratory and decentralization movements has been dotted to reveal its new competition. The location and character of the new

How New Concerns Sell



SALES METHODS—A pie chart analyzes the survey data on how concerns just starting in business are handling their sales.

New Production

Class of Product	% of New Concerns Reporting	Class of Product	% of New Concerns Reporting
Air Conditioning Equipment.....	1	Office Machinery and Appliances.....	4
Automobile Accessories.....	5	Oil Products.....	2
Beverages.....	1	Paper Products.....	7
Building Materials.....	1	Radio and Allied Products.....	4
Candy.....	2	Scientific Instruments.....	2
Chemical Products.....	5	Smelting.....	1
Electrical Products.....	6	Store and Fountain Equipment.....	3
Food Products.....	3	Textile Products.....	6
Furniture Products.....	5	Toys.....	2
Household Appliances.....	5	Trailers.....	1
Machinery.....	11	Wearing Apparel.....	7
Medical Products.....	1		
Metal Products (from brass or iron stock).....	8		
Novelties.....	1		
			100

Business Week

WHAT ARE YOU MAKING?—This list summarizes by class of product the answer to that question given by new concerns queried in *Business Week's* survey of new competition.

plants coming into production are a vital part of the story, affecting all the trends covered in this study.

Executives of established business enterprises have found their calculations on expenses, volume, and profits upset more frequently by the unexpected appearance of a new competitor than by, perhaps, any other single factor. And there is absolutely no centralized source of information on new enterprises to remove the unexpectedness.

Recognizing the formidable obstacles which seemed to oppose any attempts to appraise new types of competition or to gain information that would provide data for a basic pattern, *Business Week* undertook, in the course of this study, a survey of its own. To make certain that the final tabulations would provide the most accurate data obtainable, it was decided at the outset to include only those new manufacturing concerns that appeared to have withstood successfully the vicissitudes of organization and financing, were out of the promotional stage, and had actually begun production. For this purpose, the mere records of new corporations published by the various states had little practical value.

Under the restrictions laid down for the purpose of getting a cross-section sample of new competition that would be in character with this general study, an original list of 3,671 concerns reported to have started in to manufacture some product or other was whittled down to 766 qualifying companies in actual production. From that total, a further check weeded out concerns whose executives furnished incomplete information or declined to divulge confidential data which *Business Week* felt to be essential to a survey of this kind. The final sample showed 300 new concerns supplying useable and comparable data of the type sought. They were scattered over 44 cities in 24 states. They represented a wide diversity of industry, a broad range of financial status, occupied plants varying from a few thousand square feet all the way to many acres. The picture of the new competition in American industry to be drawn from the information they furnished—and the significant conclusions which may be drawn from the picture—completes this study.

All but a handful of the enterprises on this list are incorporated companies. As far as the antecedents of the

incorporators could be traced, it appeared that most of them had had experience in the same line, some citing long years of service with an established competitor. Discussing their incentives to make the plunge, some asserted that they had found that they could supply a superior product at less than competitive prices; others laid stress on more economical and effective sales methods; but one concern proposed to supply guaranteed quality at a higher price than competition—"because it pays." All those supplying information gave the impression that they had very definite plans and policies which they expected to be successful.

While methods of initial financing were not directly covered in the inquiry, answers to related questions supplied some interesting points. They implied that initial machinery requirements were generally filled by cash payments, although in numerous cases bank loans had been a factor. On amount of initial investment, 10% reported \$2500 or less; the remaining 90% ranged from that figure to above \$100,000.

WIDE differences are shown in the type and size of factory occupied by these concerns. Just 60% are using separate buildings; 21% have rented lofts; 19% have taken space with another manufacturer. The smallest plant on the list covers only 1,000 sq. ft.; the largest uses 100,000 sq. ft.; the biggest group falls between 10,000 and 20,000 sq. ft. and the average for the whole list is 12,600 sq. ft. (Not included in the averaging of footage are four plants reporting space at 12, 20, 50, and 80 acres respectively.)

Analysis of machinery purchases indicates that new machinery is more popular than used equipment, accounting for 85% of total purchases against 15% for the second-hand dealer. However, only one of every four concerns has bought new machinery exclusively. Largest single purchase of second-hand machinery is \$25,000, reported by a concern that has started to make automobile accessories. Top score for new machinery is \$83,000 spent by the manufacturer of a new patented brass appliance. Average machinery investment is \$21,037.

The list of products offered by these new enterprises goes right down the line. An accompanying tabulation shows 25 different classifications represented and, of these, only one—machinery—accounts for more than 10% of the total. This diversity and its fair division between consumer and capital goods invites the conclusion that an infiltration of new concerns is once more in progress all along the industrial front.

However, it appears that the ambitions of today's new starters in manufacturing are different from, and more modest than, those who launched themselves into the industrial battle during the roaring 20's.

Prior to the depression, most new concerns had national ambitions. Their principals generally had visions of branch offices in New York, Chicago, San Francisco, or at least able representation in such key cities by crack salesmen or some manufacturer's agent. Men who had at last achieved to their own factories generally had the fixed idea that they had to sell the whole United States, regardless of the realities of plant, financial, or personal capacity.

The depression-conscious industrial adventurer of these

days is different. Only 19% of those on *Business Week's* selected list confess to national ambitions and these are chiefly concerns that have started to make either a patented product or one that is commonly sold through national consumer advertising. The majority of the list—56%—report that they are definitely committed to do business in not more than four states, and among them are concerns representing 19 of the 25 product classifications tabulated. Another 14% expect to confine their sales efforts within from five to 15 states.

It is significant that the executives of the remaining 11% have apparently made comprehensive market studies in which information issued by the Department of Commerce and the Bureau of the Census has been a factor. These describe their sales terrain in terms of economic regions which represent groupings of states according to traditions, resources, transportation links, and other economic factors, as advocated by *Business Week* (*BW—Jan 8 '30*).

Considerable market study of this type is indicated by answers to a series of questions inquiring into marketing methods. For instance, among the manufacturers of consumer goods are several who have planned to sell their products exclusively to chain stores, and a large number specify that from 20% to 75% of their output is to go direct to department stores. In the aggregate, about 25% of the consumer goods producers are out to sell direct to retailers, but the majority have been set up to deal through wholesalers, many of them exclusively.

Among producers of machinery and other products that might be classified as capital goods or maintenance supplies, no definite trend as to marketing channels can be detected. Some had decided to use wholesalers or mill supply houses, others specified special sales agents or manufacturers' agents, while a considerable number were going to put their products across through their own sales forces.

ANSWERS to questions on the type of primary sales effort that these new concerns proposed to employ showed that 79% are maintaining sales staffs under their direct control. However their methods of compensating salesmen varies, with 39% paying commissions only, 27% paying salary only, and 13% believing in a salary and commission arrangement. Only 11% use sales agents and 10% operate through manufacturers' agents that are handling other lines.

While 48% of these new concerns frankly confessed that they had not made definite plans for advertising and sales promotion, 20% reported that they were planning to use direct mail and newspapers, and 32% were scheduling either national or regional advertising and a comprehensive promotional program. This 32% included many concerns that expected to do business only in a limited territory but had found it more economical to use national trade papers because they would get more satisfactory coverage in the absence of any regional publication that served the field they were interested in.

Despite the fact that no attempt was made to confine this survey of new manufacturers to any particular class or size, it is apparent that practically none of the concerns included in the study is subject to remote control.

Their executive personnel is evidently a working per-

Your New Competitor—1937 Model



His factory has average floor space of **12,600 sq. ft.**



He invested in new machinery **\$17,861**



He invested in second-hand machinery **\$3,176**



One out of three has borrowed from his bank **\$3,887**

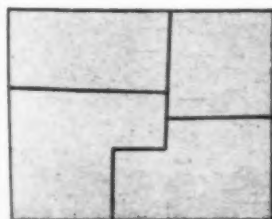


He employs
in manufacturing
28 persons



He employs in office work **3 persons**

The territory in which he expects to do business



56%
in four
States only



19%
National



11%
in a specified
economic region

14%
in from 5 to 15 states

PORTRAIT—After you have averaged up all of the figures gathered from the answers to each of the leading questions in *Business Week's* survey of new competition, this is the picture

you get of your new competitor. As noted in this report, the new concerns covered have passed the organization and first financing stage and are actually launched in manufacturing.

sonnel with those who run the business also performing some of the essential duties. Average number of production workers in their factories is 28.

IN the absence of any definite yardstick by which the potential stability of these new concerns might be measured, those responsible for this survey decided that present or projected membership in a trade association might provide an indication of trend.

It was found that nearly 40% of these new concerns already had joined their trade associations and, in some cases, other business organizations, while many of the remainder expressed an intention to join or reported that an application had been filed.

A further measure of probable stability is provided by an analysis of bank loans. While, at the time when this survey was made, 30% of the listed newcomers were evidently still rolling along with the operating capital that represented original investment, already one out of every three had applied for or received a loan from some local bank. Such loans ranged up to \$25,000 and averaged \$3,887 for the entire group of borrowers. Concerns that confessed to having applied to the Reconstruction Finance Corp. for loans were less fortunate in that, out of eight that applied, only two were successful, the total of their loans being \$4,260.

Perhaps the most significant impression left by this careful sampling job, with its detailed questions confined

to new concerns actually in operation, is that the new competition which is of real importance to established business has started with a careful appraisal of its capacity and its opportunity, plus a conviction that production and marketing plans must be geared together. This is evidenced by several things—for instance, by the extent to which operations have been restricted to well-defined limited territories, instead of being launched in the old way with national ambitions; also by these new concerns' awareness of the fact that distribution costs can make or unmake manufacturing profits, and their frequent plans for selling direct to the retailer, the chain, and the department store. In many ways, this study adds support to the theory that the country is witnessing an increase in the manufacture of consumer goods by small or medium-sized companies producing solely for regional consumption.

In this connection it is important to remember that inquiries and the field work of this survey were completed before the Robinson-Patman Act could have exerted any definite influence on the plans of these new concerns and before the U. S. Supreme Court had sustained the constitutionality of state fair trade laws. Careful students of marketing feel that the operation of the R-P Act and the invoking of these state laws by national advertisers will strengthen the trend toward regional production and regional private branding. Which is another instance of how new legislation may come into the picture of shifting American industry.

REPRINTS AVAILABLE

"INDUSTRY ON THE MOVE"—second of *Business Week's* special reports to executives—will be available in reprint form. Quantities of ten or less will be mailed to *Business Week* readers upon request, without charge. Quantities of more than ten will be billed at cost of press work.

A similar offer was made to supply reprints of the first report, on "Public Relations," in the issue of January 23. As a result, *Business Week* mailed some 25,000 copies.

Many of those who requested reprints of that article also asked that they be sent copies of future reports. However, *Business Week* feels that only after the reports have been published and read can subscribers determine if they will have real use for reprints. Therefore, the present offer is limited to "Industry on the Move"—future reports must be ordered after they have appeared.

Advertising Awards

Administrative board announces second annual honors list for industry achievements of 1936.

FOURTEEN years ago, Edward W. Bok, famous editor of the Curtis Publishing Co., got the idea that advertising might be improved not only by outlawing bad advertising but by acknowledging and rewarding good advertising. Hence came into existence the Harvard Advertising Awards, so known because they were administered by the Harvard School of Business. In 1931, one year after Mr. Bok's death, they were discontinued.

One year ago, the principle of the awards and the plan of selecting a jury from the industry itself to pick the winners were revived with slight modifications by *Advertising & Selling* and a permanent administrative board of 13 advertising men.

Name 1936 Winners

This week at a dinner attended by more than 200 leading men in the field, the 32 recipients of the awards for 1936 were announced.

The gold medal for distinguished service to advertising was given posthumously to A. W. Erickson, former chairman of the board of McCann-Erickson advertising agency. Silver medal awards went to Katharine Fisher of the Good Housekeeping Institute and to A. C. Nielsen, president of the market research agency bearing his name.

For the best exemplification of the power of advertising as a social force,

MEDALISTS—Of the second Annual Advertising Awards, announced this week, the gold medal for distinguished service to the industry was given posthumously to the late A. W. Erickson (below) of the McCann-Erickson advertising agency; silver medals in the same classification went to Katharine Fisher of Good Housekeeping Institute and to A. C. Nielsen, specialist in market research. The campaign of Chicago's Public Health Institute was selected as best exemplifying the social force of advertising, and White Rock won top honors for layout, art, and typography.

award was made to the Public Health Institute of Chicago. Blackett-Sample-Hummert, Inc., handle the account.

In the media classification, the advertising of World Peaceways, placed through Young & Rubicam agency, was picked as the best in national magazines. The campaign of the *New Yorker* magazine (Batten, Barton, Durstine & Osborn, agency) appearing in "national newspapers" won in that classification, and the advertising of R. H. Macy, New York department store, carried the prize for local newspaper copy. Taylor Instrument Companies (BBDO, agency) took first place for its insertions in industrial publications, and the *New York Daily News'* campaign was selected as tops in trade and professional publications.

Three radio awards went to Roy S. Durstine "for adding to the knowledge and technique of radio advertising," to Young & Rubicam for its Jell-O program, to William J. Cameron for the excellence of commercial announcements on the Ford Sunday evening hour.

The two campaigns which took top honors for their technical distinction were those of the White Rock Mineral Springs Co. (Newell-Emmett, agency) for layout, art, and typography, and the

Bear Creek Orchards of Medford, Ore., (G. Lynn Sumner, agency) for copy. The award for research achievement went to William Badke of the Olson Publishing Co., Milwaukee, for an analysis of layout technique.

How Agencies Ranked

A tally of the advertising agencies which participated in any of the awards or honorable mentions gives Young & Rubicam first place with seven mentions. McCann-Erickson, N. W. Ayer, and Batten, Barton, Durstine & Osborn tied for second, each scoring three times, and seven other agencies rated one mention each.

The awards were announced at the dinner by Earnest Elmo Calkins, a member of the administrative board who was active in the organization of the original Harvard Awards. Stuart Peabody, advertising director of the Borden Co., served as chairman of this year's jury of awards.

"Sorry - we're holding out for White Rock"

"You know that mineral water thing?"

That's just it! That mineral water thing... That's the real difference in White Rock. They bring you mineral water... mineral water that's better. Nature herself gives White Rock its fresh, clean taste... Nature's strong, strong, strong taste that you place on earth, from the famous White Rock mineral springs at Wardsville, Wis. Furthermore, it's on the alkaline side... better for you.

White Rock OVER ON THE ALKALINE SIDE



FEW ESCAPE EXPOSURE

In this most dreadful of all the diseases that afflict men and women!

Because syphilis can be acquired anywhere, and even without contact with a diseased person, it is essential to be constantly guarded against it in every form of exposure. It is the only disease that can be cured, and the cure is simple and quick. It is the only disease that can be cured, and the cure is simple and quick. It is the only disease that can be cured, and the cure is simple and quick.

Examination is free

Because syphilis can be acquired anywhere, and even without contact with a diseased person, it is essential to be constantly guarded against it in every form of exposure. It is the only disease that can be cured, and the cure is simple and quick. It is the only disease that can be cured, and the cure is simple and quick. It is the only disease that can be cured, and the cure is simple and quick.

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Seidman photos

PACKAGES OF DISTINCTION—Winner of the Irwin D. Wolf trophy for distinctive merit in packaging, the Adrienne group of cosmetics (left) took first honors at the annual competition staged last week by the American Management Association. The containers, designed by Gustav Jensen for the United Drug Co., together with all other entries, will be shown at the Seventh Annual Packaging Exposition, March 23 to 26, Hotel Pennsylvania, New York City. Honorable mention for the trophy went to Dulux Marine finishes, designed by Stuart L. Johnston for E. I. duPont de Nemours & Co., Inc. The Pan American Airways lunch box (right), designed and entered by Howard Ketcham, Inc., was considered by the judges the most effective use of merchandising ingenuity regardless of artistic qualities. The automobile battery carton (lower right), shown by Chevrolet Motor division, General Motors, was selected as the most effective shipping container from the standpoint of merchandising and construction ingenuity. Packages were entered in 20 classifications.

Cut in on Big Three

Packard, Studebaker, Hudson-Terraplane and others make impressive gains in sales.

THOSE who have complained that the automobile industry was rapidly being concentrated in the hands of the Big Three have something to cheer about in the final registration figures for 1936. Independent passenger car makers sold 9.4% of the total, compared with 8.4% the preceding year. That doesn't sound like much, but performances of individual companies are more impressive. Packard, aided all year by its One Twenty and late in the year by its new six, scored a gain over '35 of 83% in volume. Studebaker's increase of 70% was hardly less impressive. Hudson-Terraplane, the biggest independent company, did a 30% better business last year than the preceding year, and outstripped all other years since '29.

In the Commercial Field

In the commercial car and truck market the smaller companies also strode ahead impressively. They managed to get 12% of all truck sales, whereas in 1935 they had to content themselves with only 9%. Mack, thanks partly to the success of its lightweight Mack Junior truck, increased its sales 112%. White-Indiana registrations were up 80%, while Studebaker made a substantial gain.

Independent passenger car companies are getting off to a whale of a start

this year (benefiting partly from business diverted to them during the General Motors strike). Packard, which announced its '37 lines last September, built 52,186 of its current models up to Feb. 1. It has scheduled 15,000 cars a month during March and April, never before having approached that figure. Studebaker, having just celebrated its 85th birthday, is sailing along 37% ahead of last year. Graham's retail deliveries are up 35%. The rejuvenated Willys-Overland Motors had built 15,169 of its new cars up to Feb. 15, and is offering through Commercial Credit Corp. a time payment plan calling for a down payment \$25 to \$35 less than that offered on any other make and monthly instalments \$6 less than the next lowest finance plan on competitive models.

The independents are showing sales ingenuity in pushing new models. Packard ads, for example, feature monthly payments rather than prices.

Stockyards Shares

United, having bought Swift holdings, bids for those of Lester and P. D. Armour.

MOVING to expand largely its holdings in four cities, United Stockyards is making a bid of approximately \$4,000,000 for General Stockyards Corp. United took over Swift & Co.'s stockyard holdings last year at a price of about \$8,873,000, while the present transac-



tions involve holdings closely identified with Armour & Co.

The offer for General Stockyards came to light with the announcement that the 51% of the stock held by Lester and P. D. Armour had been bought at \$28.94 a share. Arrangements were made by John de Witt, investment banker, who engineered United's organization and the acquisition from Swift. Mr. de Witt made the same \$28.94 a share offer to all other General common stockholders; revealed plans to retire General's preferred stock totaling a little over \$2,000,000 in par value; stated that United will perfect plans for financing the deal within 30-60 days, and forecast an alternative offer for General common stock through an exchange of United shares.

Heretofore United has held actual or working control of seven important stockyards. In four of these, General has had a substantial minority interest. If present plans are carried out and General is dissolved, it will increase United's interest in the Fort Worth yards to 78.06%, in Sioux City to 67.59%, in Toronto to 91.23%, and in St. Paul to 70.8%.

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Business Abroad

Threats of discord arise between Hitler and industrialists. French investors discouraged by Blum's speech. London metal markets in wild flurry. Runciman urges trade concessions from U.S.

FURTHER signs of strain in Germany, financial pessimism in France, and whirling metal markets in England featured the foreign business news this week.

Germany's unremitting drive toward "ersatz" self-sufficiency threatens to break the love-pact that has endured for so long, in mutual interest, between Herr Hitler and the industrialists. Even the report that the new 500,000,000-mark 4½% loan had gone over was not sufficiently newsworthy to conceal the rift between governmental policy and the aims of big business.

Germany's Four-Year Plan

The new funds are "for the purpose of continuing the tasks assumed by the Reich government." These tasks are, in order named, rearmament and development of synthetic raw materials at home. If Great Britain will not yield colonial territory to the Reich, through which Germany can obtain necessary supplies, then Hitler will prod his own industry to produce those supplies through synthesis.

That is the program—the Four-Year Program. But the British appropriation of £1,500,000,000 for rearmament threatens the German scheme for military supremacy. British financial resources are too much for the Reich in a munitions race, particularly since the United Kingdom has raw materials in her colonies or the funds with which to buy the raw materials.

German industry, moreover, has chal-

lenged the Hitler economic conception. The Four-Year Plan makes it impossible for industry to get the necessary supplies for manufacturing goods for export. And the argument is now being urged that if industry were allowed to buy foreign raw materials freely, then it could re-export the materials so obtained in manufactured form. But foreign exchange is not made available for purposes of re-export. The manufacturers are forced to do Hitler's bidding, despite their protest that by building up an export balance the political and economic ends sought by Hitler would be more speedily and less sacrificially attained.

Confidence on the Paris Bourse, inspired by steadily improving business, received a setback when Premier Blum declared that the ministry's broad program has been in no way altered—simply slowed up by economic necessity. This spiked rumors that representatives of the center, possibly headed by P. E. Flandin, might be taken into the cabinet.

Investors' reaction to this news was distinctly pessimistic. There had been

Special Reports

Business Week's foreign editor landed in Bremen this week on a periodic swing around the European business circle that will keep him abroad until some time in April.

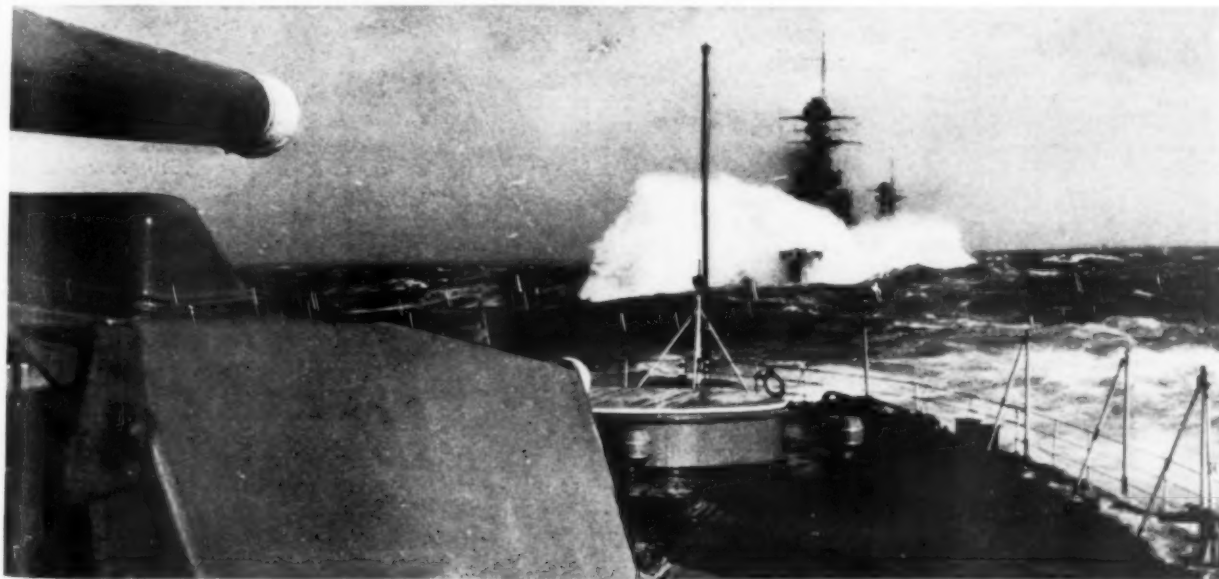
He goes first to the Leipzig Fair, now the focal point of Continental business. He then starts with Berlin and Moscow on a long tour of European capitals and industrial centers in which he has arranged a series of conferences with business leaders, government officials, and his staff of foreign correspondents.

Beginning next week these conferences and his first-hand observation of conditions in Europe will be reported to *Business Week* by cable and wireless. Until his return, these reports will lead "Business Abroad" as a special service feature of each issue. During this period the regular foreign correspondents' reports will be edited by an associated staff member who returned Wednesday from a trip to Brazil and Argentina.

a feeling that a more conciliatory attitude toward private industry was in the making. With the premier apparently firmly opposed to any moderation, there was little disposition to believe that the still large flight of capital would be stemmed.

French Prices Rising

Similarly, nothing short of the proposed government control was regarded as sufficient to stop the whirlwind advance in commodity prices as long as the franc is jittery. In the French capital, as in most of Europe, there is the persistent urge to own things



BRITAIN WANTS MORE OF THEM—Billions for naval rebuilding, reports the British government, are badly needed. Among the ships which are mentioned in the plans covered by

the recent appropriation of £1,500,000,000 are several for the first line, to be bigger and more powerful than her home fleet battleships shown on their way to Madeira.



New McGraw-Hill Books

1. Culbertson— RECIPROCITY

By WILLIAM S. CULBERTSON, formerly Vice-chairman of the United States Tariff Commission. A popular discussion of the important subject of the reciprocal trade treaties, covering the agreements already entered into by the United States, their origin and purpose, their effect on business, what they are expected to accomplish, and why certain business and political groups are opposed to them. \$3.00.

2. EXPLORATIONS IN ECONOMICS Notes and Essays Contributed in Honor of F. W. Taussig

These essays, honoring Professor Taussig's retirement from Harvard University, deal with International Trade and Tariff Problems, Wages and Capital, The Social Setting of Economic Activity. The nature of Professor Taussig's own contributions to economics is discussed in introductory essays by Professor Viner of Chicago and Professors Schumpeter and Parsons of Harvard. \$5.00.

3. Mules and Laws— MATHEMATICAL PRINCIPLES OF INSTALMENT FINANCING

By W. RUSSELL MULES, Attorney-at-Law, and OWEN LAWS, Actuary. Covers the standard transactions purchased by sales finance companies and the irregular transactions. The text and tables are intended for the experienced executive and operator, who, having determined the elements of cost, profits, etc., and having selected the proper yield, can then quickly and accurately determine the rate to be quoted. \$5.00.

4. Adams— ANALYSES OF BUSINESS CYCLES

By ARTHUR B. ADAMS, Dean of the College of Business Administration, University of Oklahoma. Presents a study of the problem of cyclical fluctuations of business, from the historical, statistical, and analytical points of view. Explains the causes, both primary and secondary, of business fluctuations, and suggests practical public policies which would result in greater stabilization of the operation of our industrial system. \$3.00.

5. Knoepfel— MANAGING FOR PROFIT

By C. E. KNOEPFEL, Industrial Management Counselor. A "how" book for management on profit making. The author describes the recently developed aids to management in the way of profit-making tools and methods, shows how they work, and explains how they can be applied to any business to better the profit position of the business. \$3.50.

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rather than money. Then, too, it is feared that governmental efforts to regulate prices will probably lead to foreign exchange restrictions.

In England there were several notable developments. One was the frenzied speculation in metals, which confused American markets.

Another was the speech of Walter Runciman, chairman of the British Board of Trade (a governmental department, not a private body), in which he indicated agreement with the American policy of lowering trade barriers, but implied that no British-American trade agreement could be signed unless the United States made concessions. Mr. Runciman conferred on this matter with President Roosevelt recently.

Bearing on the same subject was the announcement that Sir Robert Craigie, Assistant Secretary of State for Foreign Affairs, would sail for the United States in mid-March. This British naval expert is expected to talk with Mr. Roosevelt and Sec. Hull not only about naval armament but about general diplomatic policy, including the effects of the pending neutrality legislation.

Metals Run Wild

The wild trading in metals produced conflicting theories and rumors. One theory was that the speculators would ultimately be hurt because the British government was not so badly in need of metals as they had anticipated. Sir Thomas Inskip, British Minister for the Coordination of National Defense, replied to a question in the House of Commons by saying that the defense departments had experienced no difficulty in getting necessary metal supplies. "If there is any indication of any difficulty about the activity of speculators," he said, "I would consider any necessary action."

His reassuring statement was considered a corroboration of the reports that the British government had been buying metals steadily all through '36 to avoid having to pay through the nose if prices skyrocketed.

American metals experts believe that the rise in copper is due to excessive speculation in London, and that the present rush in copper production will whittle the price down before long. They point out that copper consumption in Europe last year was less than it was in '35.

In lead too, they say, there is merely a London spot shortage. As to tin, the International Tin Research and Development Council reported this week that world production last year was 171,888 tons, as against 140,652 tons, a rise of 22.2%. The '36 production was the highest since '29.

Experts attributed the higher prices of tin and other metals to a follow-your-leader movement, with copper as the leader.

British investment trusts have been asked by the British Treasury to moderate their holdings of foreign investments. The government does not want too much British capital to get abroad. Last April Chancellor of the Exchequer Chamberlain appointed the Foreign Transactions Advisory Committee, with Lord Kennet as chairman. The Treasury's request was delivered to this committee, which transmitted it to the Association of Investment Trusts. The Treasury is likely to have its own way.

France

Blum speech causes market reaction. Government faces important financial decisions. Efforts made to check price rise. Steel at capacity.

PARIS (Wireless)—French bonds were firm last week on the belief that the government was tending toward a more moderate policy, eventually taking in a few conservative members. However, Blum's speech at Saint Nazaire on Sunday explained that, while a pause was necessary to help the national economy digest devaluation and the mass of social measures already enacted, completion of the socialization program would follow thereafter. This speech caused a severe reaction in securities.

No Capital Embargo

In spite of the seriousness of the financial situation, an embargo on capital exports is improbable at present. Important decisions will have to be made shortly, however. First is likely to come a stabilization of the franc at present parity, which would check the adverse speculation in francs and make speculators bear heavy losses, bringing into the Treasury, at the same time, some 14 billions for liquidation of the Equalization fund and revaluation of gold stocks. It is quite possible also that the government will then offer to buy gold internally at the new stabilization price in an effort to wipe out the still important gold hoarding in the country, fortify the gold reserves of the Bank of France and relax the tension on the money market.

Whether this will be sufficient or whether embargo measures will be put on exports of capital through control of the exchange market, is a question.

Business is quieter except that steel is working at capacity, limited only by the 40-hour week. The government is restoring to activity wartime legislation prohibiting price rises on important commodities without inquiry and authorization. If this is not sufficient, it is prepared to reduce customs duties and enlarge the import quota in a drive to check the price rise developing steadily the last three months.

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FOR BRIGHTER HORIZONS—Japan wishes to promote prosperity of all nations, and to "brighten the horizon" of its own international relations, says Prime Minister Hayashi. It is needless to say, he adds, that "there will be no change in our policy of non-menace and non-aggression." All of which leads to his conclusion, that expansion of Japanese foreign trade is an immediate necessity.

Great Britain

Stocks hurt by government's armament borrowing program. Era of dear money begins.

LONDON (Cable)—Although markets, particularly gilt-edged shares, slumped badly as a result of the government's decision to borrow up to two billion dollars for rearmament, the general reception of the plan has been good, and the nation is relieved at the fact that the military situation is now being candidly faced and boldly tackled.

The boom in base metals reached grotesque proportions this week, largely aided by speculation in which smaller European countries are prominent, with Holland and Belgium notable buyers of small lots of copper. Now that gilt-edged shares are yielding 3½%, the era of dear money is considered definitely inaugurated, but the rally of banks and government departments in support of the markets may stem the rush.

The British Industries Fair continues to get a record attendance. Sales of coronation goods, colors, etc., predominate. Publicity agencies and other bodies are taking steps to keep coronation visitors in England, countering strong efforts of France and Switzerland to attract them.

Following the boost in Canadian newsprint, Bowaters Ltd., English paper company, suffered a heavy decline

in the market, on the belief that it has not covered raw materials against long-term contracts. A crash is unlikely, but its chief customers—Beaverbrook, Odhams of the *Daily Herald*, and the Camrose group of newspapers—will probably have to pay higher prices for paper, implying a drastic change in the newspaper profit situation, and a possible end of the recent mad expenditures in canvassing and gift schemes.

Hitler's colonial demands still cause anxiety, with feeling hardening against any concessions.

Germany

Hitler warns business that self-sufficiency program must be speeded up. Standstill agreement makes little change. Order trucks for Ethiopia.

BERLIN (Cable)—Ostensibly, Germany's refusal to attend the raw materials conference at Geneva this week was based on the formal ground that it was not a member of the League of Nations. But the real reason was that, so long as Great Britain declines to consider Germany's colonial claims, Chancellor Hitler can see no point in talking about basic supplies, many of which the German politicians view as producible in "Ersatz" factories.

And if private industry cannot do the government's bidding, then private industry will cease to exist as such. That was Hitler's ultimatum at the opening of the automobile show in Berlin, when he said that if private business cannot make Germany self-sufficient in gasoline and rubber within two years, it will mean the end of private enterprise. That seemed to be the Fuehrer's answer to the demand of industry that it be permitted to buy raw materials for export.

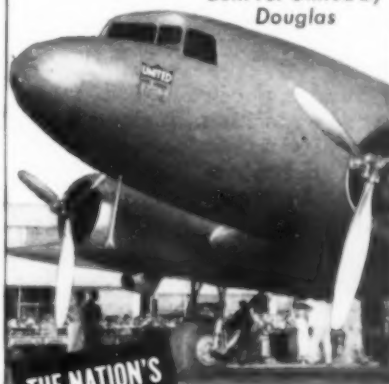
How intently Germany is being pushed along the narrow path of self-sufficiency by the growing shortages is indicated by two new decrees. One bans the use of cellophane for wrappings, except on a few foodstuffs; the other cancels all orders for steel rolling mills products that are not delivered before April 1. The curtailment of steel buying is to counteract speculative tendencies arising from fear of a world steel scarcity.

Conclusion in the standstill credit negotiations leaves Germany in much the same position as before. Reduction of the debt will go on, but very slowly (see page 62). The chief change is a small license fee payable in foreign exchange on travel marks. The proceeds will be used toward a moderate cut on the principal.

Big business news of the week was the booking by Buessing Automobile Works of an order for 550 Diesel

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motor trucks for use on the German-Italian concession in Abyssinia. An expedition—on the hunt for raw materials—left Naples for Ethiopia during the week. Other orders for roadmaking and other machinery are expected shortly.

Canada

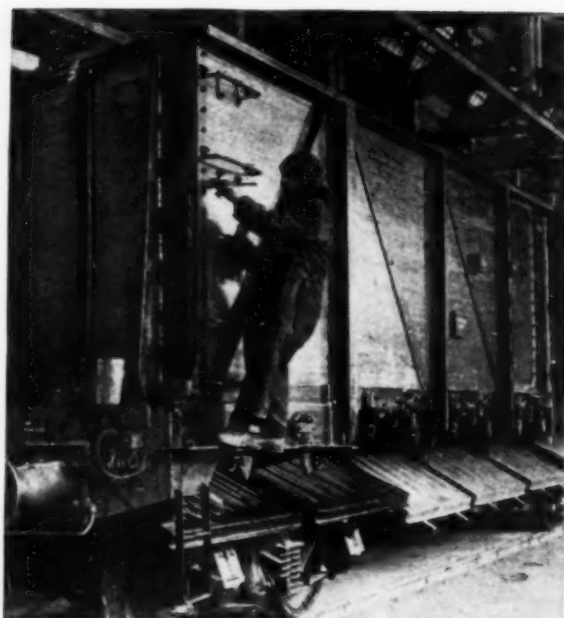
Transport control bill meets wide opposition. Business backs Royal Commission on provincial debts. Ontario pursues West Indian tax exiles.

OTTAWA—Transport Minister C. D. Howe's bill to bring all carrier services—rail, inland waterways, highway (interprovincial), air—under federal license for purposes of regulation continues to meet widespread opposition in the Senate railways committee, may fail to pass. All provincial governments have added their protests to those of grain interests and other shippers. The provincial contention is that the proposed regulation of highway traffic is outside federal jurisdiction and unconstitutional. Shippers are fighting the bill on the ground that it is designed to strangle competition in the carrier business for the benefit of the railways.

C.P.R. Capitalization

Minister Howe's bill cutting the Canadian National Railways' \$3,000,000 capitalization in half by eliminating duplication of debts in the books of the government and railway is now in House of Commons railway committee. Sir Edward Beatty, president of Canadian Pacific, is campaigning against it in the country, on the ground that cost of the public ownership railway policy should be fully shown. The C.P.R. attitude will have some support in the Commons committee, perhaps more in the Senate if the bill passes the Commons. Minister Howe contends readjustment of capitalization is warranted because the present capital structure has never been the basis for rate-making and wage scales.

Following the Bank of Canada's report that the Province of Manitoba was not in a position to meet its financial obligations and that other western provinces were similarly situated, the Ottawa government announced that a Royal Commission would be appointed to investigate the whole field of federal, provincial and municipal finances. This step is widely acclaimed in business quarters where provincial and municipal debts have been the cause of grave concern. Ottawa is seeking an outstanding British economist to head the commission. Sir Arthur Salter is mentioned. In the meantime, Ottawa will extend financial aid to the provinces.



Staff photo

A court decision has quashed Alberta's act of last September cutting private indebtedness. Edmonton now talks of a moratorium to relieve debtors.

The Ontario government has introduced legislation designed to overtake wealthy income tax dodgers who have established residence in the West Indies and incorporated themselves there for business purposes. Some multimillionaire Ontario mining men are reported recently to have taken out West Indian incorporations. The federal income tax reaches them at the source of their incomes but they have been escaping the year-old Ontario tax and the previous municipal income tax.

Platinum is becoming an important item in Ontario's mining wealth. Last year its value was \$7,500,000; this year's production is expected to be \$10,000,000.

Russia

Soviets reveal figures on expansion in aviation industry, develop retail store equipment to end imports.

MOSCOW (Cable)—Not yet recovered from the treason trials with their story of organized wrecking of industry on a national scale, Russia was shaken anew last week by announcement of the sudden death at 50 of Ordjonikidze, Commissar of Heavy Industry, and closest friend of Stalin. He was one of the most popular and efficient of governmental leaders and the guiding spirit of the progress made in Russia's heavy industry since he took charge of it in 1930. Many here feel that his loss is irreparable. The country mourned officially for a full week and

his funeral in Red Square was the most impressive since Lenin's.

The names of Mezlaug and Rukhimovich, recently appointed Commissar of War Industry, are most frequently mentioned as successors to Ordjonikidze. Realizing the importance of heavy industry in face of the war danger, the Kremlin leaders are certain to make every effort to strengthen the direction of this part of their industrial machine.

Aviation Booms

Reconstruction of the Soviet aviation industry, recently begun by Ordjonikidze, is being pushed through at a rapid rate. General Robert Eideman, president of the Society of Chemical and Air Defense, revealed this week that since 1932 Russia has quadrupled the number of its military airplanes and in 10 months of 1936 increased the output of the aviation industry 94.5% over that of the same period a year previously. Aware that the country's air strength will in time of war be determined by replacement capacity, rather than by number of planes at the start, the authorities have been feverishly pushing the program for increased output. At the same time it is reported that the campaign to enlist 150,000 persons for training as aviators has been completed with offices swamped by applications. Russia expects to make further progress this year in the production of mechanized equipment for its retail trade organizations. The program for 1937 calls for the manufacture of a thousand store refrigerators, 4,500 dial scales, 600 cash registers, 1,500 meat cutters, and 2,000 packaging machines in preparation for mass production later. This year is expected to witness complete stoppage of imports of automobiles, locomotives, and tractors.

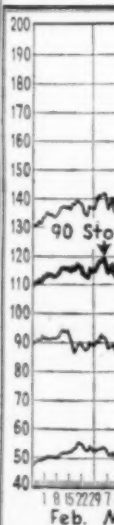
LIGHT WORK—Soviet women are releasing more and more men for heavy work in industry by taking over lighter manual jobs, such as painting freight cars in the Ural Car Works, Nizhni-Tagil, The Urals, U.S.S.R. Seven-hour working days, paid vacations and leaves of two months with full pay before and after birth of a child, all with the same rate of pay as for men, have lured thousands of women workers into factories.

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Money and the Markets

Stock market proves again that good news can't prevent sinking spells after long rise. Low-priced shares fare best. Excited copper trading in London helps to unsettle American securities.

RESET for weeks with bad news, stocks went up; and Tuesday, with little to disturb them, they cracked. Diagnosticians didn't have to look far to find the reason. Barely 10 days ago prices had crossed the 1931 peaks—had, in fact, come close to duplicating the best levels of October, 1930. And there hadn't been an important correction since last April.

It's axiomatic that quotations can't go straight up forever. So it was that the long-suffering bears came into their own when the markets opened after the Washington's Birthday holiday. Surprisingly enough, the shorts had their winning during a week when the nation's No. 1 industry, steel, was at new recovery highs and business, generally, was humming.

Strikes Less Severe

Labor still was in the headlines, but the numerous strikes were pretty much localized. The unrest wasn't really hampering industry as a whole. But it was enough to add to the jitters of an already nervous crowd of stock traders. There were, for example, the reports that the United Automobile Workers would strike next at Chrysler. This found reflection in the motor shares on Tuesday when Chrysler stock was quoted 125 bid and 129 asked. It finally opened off nearly 4 points and closed 4½ lower at 125½.

That first trading day of the short week set the tone of the market. At the close on Tuesday the list was liberally sprinkled with declines of 2 and 3 points. There were a few issues down as much as 4 and 5. The bears

OCD Mouthpiece

Henceforth, over-the-counter dealers will have an official mouthpiece when the Securities and Exchange Commission holds hearings on the admission or removal of securities to or from unlisted trading privileges on the stock exchanges.

The Investment Bankers Association this week named a special unlisted trading committee to determine when the association shall oppose or support applications before the SEC regarding securities which may move to or from the over-the-counter markets. Allan M. Pope, president of the First Boston Corp., is committee chairman. Stuart R. Reed, of the New York Stock Exchange house of Jackson & Curtis, is a member chosen to give the committee an "exchange viewpoint."

Inasmuch as the SEC has power to move securities from exchanges to the over-the-counter market, and vice versa, an official body to represent the unlisted interests was deemed desirable.

were heartened, as indicated by demand for stock in the loan crowd where short sellers go to get shares to deliver against their contracts. Several issues

commanded premiums of a point for this purpose.

Severest pressure was on the old-time leaders in groups like the steels, oils, motors, and rail equipments, and on the higher-priced speculative favorites of recent weeks. There was special weakness in cigar stocks, where a crippling strike has gripped many plants for several weeks. Douglas Aircraft also dipped when a sit-down started in its Santa Monica plant, although it was reliably reported that the company's big bank of unfilled orders has, in recent months, been turning into substantially increased profits.

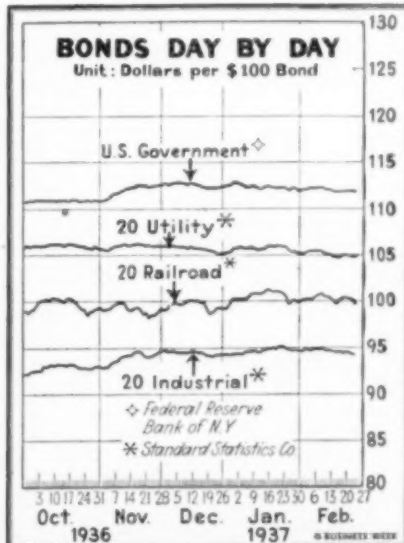
Relatively the best showing was made by the low-priced shares. Outstanding in the penny arcade were the cheap metals. Even these, however, were unsettled by the wild and highly erratic metal market abroad.

If there was one single factor that touched off the selling in the domestic securities markets it was the excited trading in copper in London. Copper got completely out of hand. With American markets closed on Monday, the London price shot up to 17½¢ a lb. in contrast with domestic quotations at the end of last week of 14¢. Then the British quotation flopped to about 16¢ on heavy profit-taking.

Producers at Sea

When domestic markets reopened, the copper trade was paralyzed. For on Tuesday the London price dropped further—to approximately 15½¢. On Wednesday the trend reversed itself just as unexpectedly abroad, the price getting back to approximately 16¢. American producers and refiners frankly did not know what to do. Some of them advanced prices to 15¢, others stood by the 14¢ quotation, and none would sell to any but their best customers at either level.

There were rumors in London that



the government was going to step in and impose control on the metal markets to protect the rearmament program. These weren't the kind of thing that could be verified, however. Sir Thomas Inskip, national defense chief, even went so far as to tell the House of Commons that the government had experienced no difficulty in getting the required commodities for carrying on the national defense program.

However, the confused situation served to focus attention on European conditions that hold bothersome potentialities for commodities and securities. There are the questions of currency stability and "hot money." Financial markets the world over have been buzzing for weeks about the likelihood that the French franc will be allowed to sink to the lower level of its "stabilization range." But rapidly rising commodity prices, particularly on imports, may force stringent measures to keep the franc firm.

Dollar Is "Cheap"

Similarly, there is the persistent talk about British authorities' desire for a pound which would be lower in relation to the dollar. The argument is that the American currency is undervalued. That, many foreign observers believe, is why the foreign money (which Washington calls "hot") is steadily pouring into New York. Dollars, these foreigners think, are cheap; hence American stocks are proportionately attractive.

Whether American plans to discourage the flow of capital in this direction accomplish their purpose may

be a big factor in foreign exchange developments abroad. If restrictions imposed are severe, they would tend to ease the strain on the European currencies. But the present talk is of mild penalties on foreign investments here, coupled with action by leading European nations to discourage their nationals from sending money to the United States.

The latter course would smell of foreign exchange restrictions reaching beyond the scope of the present international stabilization pact. Such a prospect isn't relished by the securities markets of the world, as indicated by weakness which currently is afflicting the stock markets in London and Paris.

Surplus of Imports

The British trade figures were interesting. Imports in 1936 were up sharply to £848,900,000 and exports £501,100,000; in 1935 they were £756,100,000 and £481,200,000, respectively. That gives an apparent import surplus (or adverse balance) of £347,800,000 for 1936 compared with £274,900,000.

But from the adverse balance must be subtracted £328,800,000 for receipts on empire and foreign investments, and income from the merchant marine and the tourist trade that would bring the deficit down to £19,000,000, a negligible total. The sharp gain in the import surplus last year has given rise to a good deal of speculation. Those who hope that the pound will be supported near present dollar values derive most satisfaction from the prospects for a reciprocal trade treaty with the United

States (to supplement the Empire pact) and to the tourist revenues that will be gleaned from the coronation.

Those who look for Britain's trade position to improve drew encouragement this week from the speech of Walter Runciman, president of the British Board of Trade, declaring that Washington policy is moving fast toward free international exchange of goods. Runciman, just back from conversations with President Roosevelt, understood to have gotten the understandings he desired to pave the way for trade pact negotiations in the near future.

Commodity markets in this country slumped sufficiently to clean up some sore speculative situations and reacted less to the perplexing foreign situation than did stocks. Softest spot was wheat.

Gold Rush—One of the pat explanations of the continued rush of foreign gold to these shores is that the United States has undervalued the dollar. Or another way of putting it, is: the United States has overvalued gold. If sequence is a sign of consequence, then overvaluation would seem to explain the recent tremendous movement of the metal to these shores (see page 24).

This country is willing to pay 35 good 59.06¢ American dollars for an ounce of gold; yet the gold comes here, as if magnetized. Ergo, the American price must be too high—enough too high to induce foreigners to load their bullion into boat bottoms, transship it to these shores, and get dollar credits here—wherewith to buy securities or goods, or merely to keep their money



CAPACITY IS NOT BIG ENOUGH—American airplane factories have more business on the books than they can handle, aviation is spreading nationally and internationally (see p. 14), and a lot of building is on the way. During the past year

West Coast factories have been expanding, now the East is getting new plants and airports ready in anticipation of transatlantic service. Already under construction is the Grumman plant (above) at Bethpage, Long Island, N. Y.

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safe. Though the reasoning smacks very much of *post hoc, ergo propter hoc*, it is not necessarily specious on that account.

Vicious Circle—To offset the so-called undervaluation of the dollar (or the overvaluation of gold), this country could permit the dollar to rise in terms of foreign currencies—particularly sterling, which currently is around \$4.90. If sterling were to drop *vis à vis* the undervaluation of the American unit would automatically be corrected.

Since sterling is the "governor" for many monetary units, including the Scandinavian, the effect would be an immediate upward revision in the world price for the dollar. It would take more pounds, more Canadian dollars, and more Swedish krona to purchase dollars. Conversion of foreign currencies into dollars would be made more expensive and inversely, less attractive.

But that is after the event. In other words, sterling must drop first. In the meantime, because there is doubt about the stability of other currencies, the dollar is very attractive. Holders of foreign funds want to cache them in the United States (a) as a stakehold against depreciation of their home currencies, (b) for investment in American Securities, (c) for insurance against the sleepless nights which the European investor inevitably endures—with war continually knocking at the door.

Hence, the very suggestion that sterling might go lower—as a measure to stop the flow of gold—is sufficient to increase the flow, rather than check it.

War Debts Again—The perennial topic of war debt settlement may not actually be hot but it certainly is getting warmer than at any time in a long while. Latest mention was by the Democratic Senate leader, Joseph T. Robinson. Though pointing out that he didn't speak for the White House, Sen. Robinson opposed discrimination in reciprocal trade treaties against defaulters because "there is a strong likelihood that in the next year something more substantial will be accomplished looking toward settlement."

The senator has good grounds for taking the stand. No matter how far official conversations have gone, it is common knowledge that several war debt defaulters would like to settle so that they can borrow in this country. They have, many of them, two reasons for wanting loans. First and foremost is the desire to borrow part of the cost of the armament race. A second is to aid in support of none too stable currencies.

The State Department has been disinclined to condition trade treaties on war debt settlement because it feels there is a better chance of a favorable

deal on the loans if trade is moving freely enough to facilitate payments. If and when the British trade pact comes up (and it is generally supposed the Roosevelt-Runciman conversations paved the way) light will be shed on the whole trade-debt-loan situation.

Out for Business—New arguments between over-the-counter and listed markets are in the making. The New York Curb Exchange has asked the Securities and Exchange Commission for permission to extend unlisted trading privileges to eight bond issues representing six companies, most of them public utilities. All now are traded over-the-counter.

The par value of the securities involved is \$124,567,000, and the Curb asks that it be allowed to take them under its wing through the provision of the Securities Exchange Act of 1934, as amended, which gives the SEC authority to approve unlisted trading in issues of companies which provide, through periodic statements, approximately the same information required of listed companies.

There have been arguments before between the listed markets and over-the-counter dealers. In one case the New York Curb won out, and in another the over-the-counter market was held to be better for investors (BW—Dec 26 '36, p 45).

But in both those cases the argument arose from the fact that the issues involved were traded in both places. This is the first time that the Curb Exchange has asked to place in its unlisted division securities already dealt over-the-counter. It puts up to SEC the question whether one market or the other, or perhaps both, would best serve the interests of investors.

The issues are Peoples Gas Light & Coke 4s of 1961; Oklahoma Gas & Electric 3½s of 1955 and 4% debentures, due in 1946; New England Power 3½s of 1961; Cumberland County Power 3½s of 1966; Cudahy Packing 3½s of 1955, and 4% debentures of 1950, and Central Maine Power 3½s of 1966.

Controlling Cycles—Emphasis in this country is all on controlling the boom at the moment, the idea being to avert the disastrous depression that would follow speculative excesses. But abroad, and particularly in England, the talk seems to be centering on controlling cycles by planning and conserving against recurrent dips.

The plans are much the same as those which have periodically claimed attention for many years. Primarily, they ask that national finance be so regulated that national economics will be healthy when the boom shows signs of collapsing. Then the government would plunge into public works (hav-

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ing forehandedly postponed construction during flush days).

Advocates of such procedure can well claim that the United States—despite the apparent approach of budget balance—will be too heavily debt ridden to do a conspicuous job of public works in the next big slackening period. The trouble is that the budget balance will be by increased taxation rather than by reduced expenditure. The control-the-cycle idea rests more precisely on fairly high taxes plus curtailed expenditures in prosperous times, thereby accumulating funds for public works to cushion depression.

Abroad, too, they are talking corporate savings so that new equipment purchases can be timed to take up the slack of business depression. The Administration's surtax on undistributed profits won't allow very many companies in this country to adopt any such public-spirited policy.

More Information—Steadily the tendency to tell stockholders more about their companies has been growing. The trend was clearly marked many years before the advent of the Securities and Exchange Commission, but it has been accelerated since.

Latest move in this direction is the SEC's announcement that it will call on corporations to include more information when stockholders are sent proxies. This goes for letters calling annual meetings to consider "only routine subjects" as well as special meetings at which stockholders are asked to vote on some specific problem. New rules, replacing the 18-month-old code, have been adopted but will not be promulgated until they have gone the rounds for revision.

Cooperation of managements with any constructive suggestion may be expected. The fact that there will be slightly increased postage and printing costs is not likely to cause much protest. The only opposition might come if penalties were imposed for unintentional omission of information of dubious importance. Take calls for annual meetings, for example. Usual practice is to state that, among other things, shareholders will be asked to approve actions of the board of directors during the year. Holders aren't interested, as a rule, in each of these actions, and it isn't logical to ask any very detailed listing.

Ephemeral Surplus — Germany's "favorable" balance of trade in 1936 amounted to 550,000,000 marks, about five times that of the previous year. That may have heartened the creditors from eight countries who, on Feb. 9, started negotiations in Berlin for a new standstill agreement on the Reich's short-term debts. Yet the final settlement netted the creditors only a 63,-

000,000-mark reduction in the principal sum. Once again attention is riveted on the reality of Germany's export surplus and where may be the rat holes into which it disappears. For not only is there the 550,000,000-mark visible balance to account for, but as much more realized from receipts of German ship lines carrying foreigners' goods and from the tourist trade. In the absence of improvement in the Reichsbank's position, the standstill creditors asked Germany where the export surplus went.

The answer was that it largely was eaten up through the Reich's barter arrangements and under clearing agreements. This, at least, was not an effort to explain the whole thing away on the basis of foreign debt service which actually totaled no more than a quarter of the visible and invisible balance in favor of Germany.

In view of the now-you-see-it, now-you-don't character of this trade balance, the German debtors told the standstill creditors that they obviously could not procure the foreign exchange to reduce greatly the frozen credit lines. The creditors, however, did some hunting and announced that they found "certain unavailable credit lines" which could be cancelled to the tune of 63,000,000 marks.

In addition they secured an agreement which, in effect, slaps a lien of \$2.50 on each 100 travel marks issued

for the tourist trade. The proceeds will be earmarked at the Reichsbank. At the average rate of tourism for the last four years, the creditors figure they would get \$7,500,000 with which to reduce at "one hundred cents on the dollar" the "least liquid types of standstill obligations."

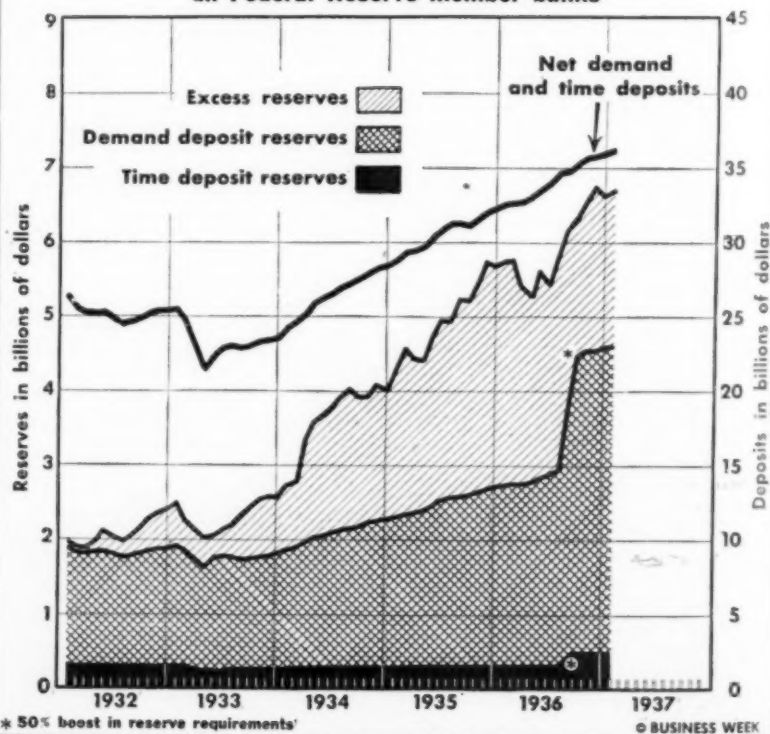
Oil Outlook—Stockholders in the oil companies are getting the promised crop of excellent statements on 1936 operations, and the optimism maintained by stock traders persists (BW—Feb. 6 '37, p. 57).

However, the current crop of news is not without its restraining influences. For example, there are further record highs in crude oil output, and these peak figures are well above the Bureau of Mines estimates of production required to meet prospective demand. Refinery runs of petroleum are correspondingly large, and that means gasoline is going into storage pretty rapidly.

For another thing, unionization drive overhangs the oil industry. The Committee for Industrial Organization has set Apr. 5 for the big drive. And Mexico contributed some unsettling news this week when a stockholders' meeting was called to consider plans for nationalization of Petroleum Co. of Mexico (Petrone). As the government owns 51%, the company's dissolution is pretty certain.

THE CREDIT RESERVOIR

Relation of deposits to reserves of all Federal Reserve member banks



Editor

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Editorially Speaking—

THE deficiency bill, passed by Congress in an evening session, was signed by Speaker Bankhead at the theater where he was attending the first night of "Reflected Glory," in which Tallulah Bankhead is the star. Many senators and representatives were present, watching the speaker enjoy the reflection of his daughter's glory.

THERE'S a young man out our way whose laundry is done by a couple of Chinese—father and son, or maybe uncle and nephew—he never can get the relationship straight, if any. A delay in picking up the laundry was followed by a painfully scrawled note:

Dear Sir:

Just a few lines to inform you that I am very sorry I can not collect your laundry in the time until Friday because the Junior did not tell me where your laundry was.

That reason to be last. But I will return to you in Turday Feb. 23, and I will hope you forgive me plasee.

Your truly friend

Yee Sing

DR. NORMAN BETHUNE of Montreal went down from northern to southern Spain the other day, with a truck carrying a strange cargo—refrigerated blood for transfusions. On that journey he witnessed part of what he calls "the most terrible evacuation of a city in modern times"—the flight from Malaga.

"Imagine 150,000 men, women, and children setting out for safety to a town situated more than 100 miles away, with only one road to take on a journey requiring five days and five nights at least," he says. There were at least 5,000 children under 10 years. Many were barefoot and almost naked. "They staggered and stumbled, with cut and bruised feet, along the white flint road while the Fascists bombed them from the air and the sea."

Dr. Bethune's medical unit, having several cars, took as many refugees as possible to the little seaport of Almeria. There everything seemed safe. But "German and Italian airplanes dropped 10 bombs in the very center of the town where refugees were sleeping huddled so closely together on the main street that an auto could pass only with great difficulty. After the planes passed I picked up three dead children from the pavement where they had been standing in line waiting for a cup of preserved milk and a handful of dry bread, the only food some of them had had for days."

HERE is an enormous tragedy, comparable to the massacres of the Armenians after the war. Yet the world's imagination is almost untouched by it. Maybe a decade and a half from now

some writer will do a novel as powerful and moving as "The Forty Days of Musa Dagh," and its readers will feel, for the first time, what happened in Spain during '36 and '37.

ROBINSON-PATMAN, that clumsy mouthful, has been compressed to R-P for ordinary uses, but what's to be done about the Clark-Bone-Vandenberg-Nye neutrality bill? C-B-V-N is too hard to remember. Maybe the names of the four senators will have to be telescoped into Clone-Vye.

THERE are some scientists who occasionally take a holiday from science and a dive into sensationalism. The easiest method is to make sweeping, unscientific cracks at mankind, thus proclaiming their own superiority. "Most people are saps" means, "What a wise boy am I!"

HERE, for instance, is Prof. E. A. Hooton of Harvard, president of the American Association of Physical Anthropologists. National intelligence is decreasing, he says. Where's the proof? We are preserving the unfit, he says; we have too many senile people. At what age does Prof. Hooton propose to offer himself as a candidate for extinction by the Federal Commission for Snuffing Out the Senile?

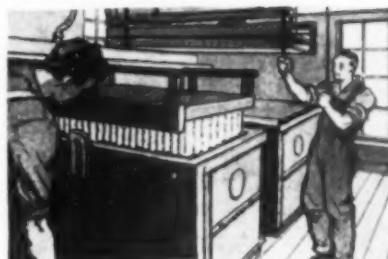
BUT as you go on reading Prof. Hooton's lament, you discover that man isn't merely losing his good sense but that he never had any. A visiting committee of anthropoid apes would laugh at his method of locomotion, says Prof. Hooton. We suspect that the professor's dogs hurt, and that he thinks he'd be happier swinging by his tail from tree to tree.

BUFFALO school teachers say their pupils pull many boners when trying to spell the President's name. They spell it Rosevelt, Roosavelt, Roseavalt, Roosevelt, and Rosavalt. Why shouldn't the children spell it differently when practically all the Cabinet members, and for that matter the various branches of the Roosevelt family, pronounce it differently?

THERE'VE been some pretty nasty third-degree revelations lately, ranging in place from a Pennsylvania courtroom to the Japanese Parliament. But even the most hardened observer didn't suspect that our Securities and Exchange Commission was going in for that sort of stuff. Yet last week the SEC got hold of the sister of a customers' man, and what they did to her is told in a headline: "Quiz Woman on Atlas Tack."

Sightseeing WITH BAKELITE[®] Textile Industry

Continued from page 42



Dyeing—In the dyeing and bleaching rooms Bakelite Materials are being used to an ever increasing extent, because they are proof against most acids and dilute alkalis.



Inspecting—In examining hosiery for possible flaws, the stockings are drawn over shaped forms of smooth Bakelite Laminated (Synthane), making inspection more rapid than by former methods.

Some of the other textile machinery parts made with Bakelite Materials include steaming bobbins, shuttles, cone tips, winding tubes, static eliminators and work table tops. The textile industry is merely typical of a score of others where the use of Bakelite Materials has made possible improved production equipment and processes, or products of better design and quality.

It is quite probable that in your own business or product, some one or more of the various Bakelite Materials could be used to your profit. Our engineers will be glad to discuss it with you. We also invite you to write for copies of our Booklets 38M, "Bakelite Molded", 38L, "Bakelite Laminated" and 38S, "Bakelite Synthetic Resins."

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BUSINESS WEEK

The Journal of Business News and Interpretation

FEBRUARY 27, 1937

Power to Play God

On top of the other schemes for magnifying the Presidential authority, it is now proposed that Congress transfer to him its Constitutional power of putting the United States into a war. That, in short, is the significance of the Embargo Bill which Mr. Roosevelt is now endeavoring to push through Congress.

The Supreme Court has the judicial power, under the Constitution; but the President is reaching out for that. Congress has the war-making power, under Article I of the Constitution; but that, too, will pass into the hands of the President if he is given unlimited authority to pick and choose among the kinds of goods that may not be exported on American ships in war-time, and to apply all the cash-and-carry provisions in any manner he deems fit.

In effect, this is the power to apply discriminatory embargoes. It is the power not to preserve the neutrality of the United States, but to make the United States unneutral. Naturally enough, Mr. Roosevelt wants that power; for he sees himself as a man with a mission in a world that he must judge and change.

In essence, this is the League of Nations question all over again. Mr. Roosevelt has all along shown signs of wanting to "cooperate with" the League—that is, throw the strength of the United States behind the League's punitive machinery. Again and again, that machinery has failed to work, because the leading powers in the League have backed down when bluntly challenged by aggressive governments. But always the excuse has been made that the League's punitive machinery would work if only the United States "cooperated."

Now at last, it seems, we are to "cooperate." We are to lend our support to Article XVI of the Covenant of the League of Nations. We are to help "enforce peace" by punishing aggressors. We have been asked to do this for many years, but we have feared the dangers. But now we are to do the same thing indirectly, by a Congressional act which transfers from Congress to the President the enormous "discretionary" power of discriminating against belligerents.

Yet the dangers of this course are greater than they ever were, for not since 1919 has the world been so

close to another great war; and therefore if we now put our strength behind Article XVI of the League Covenant, we are interfering not in little disputes but in great ones; not in Ethiopian or other colonial wars but in the vastest and most terrible blood-lettings that can afflict the world.

Moreover, since President Roosevelt dare not openly connect us with the League, because public opinion is against it, we shall have no voice in League policies. Nothing remains for us but to wait until war begins, and then, as a result of "gentlemen's agreements" by the White House and our ever-busy State Department, we shall assume the task of enforcing Article XVI of the League Covenant by embargoing the kinds of goods most needed by the nations of whom the President disapproves.

The embargo power, as distinguished authorities like Prof. Edwin Borchard and John Bassett Moore have pointed out, is a power of coercion, a war-making power. It is a power that can invite reprisals and make war inevitable. As such, it should be retained firmly in the hands of Congress. If there are to be embargoes, let Congress declare them when needed, after full discussion. Let us not get into war by clothing the President with the elastic authority to play God.

One More Country Takes the Jump

After floundering for years in an aimless sort of dictatorial system, Poland now seems to be definitely headed for Fascism. The governing group has announced the formation of a totalitarian party, which will "organize the national wealth under a single leadership and in the name of national defense." In other words, the primary purpose of the scheme is militaristic. The army and its leaders

are glorified, while business is pushed lower down in national esteem. This militaristic government will get even deeper into business, running an increasing number of enterprises, and constantly enlarging the ranks of state employees.

The farther into Fascism it gets, the farther it will have to go. Nothing in the new plan offers the slightest hope of rescuing Poland from its desperate poverty.

Adroit Tactics In Packing the Court

Here is a simple chronology that carries an obvious meaning:

Feb. 5—President Roosevelt announces his Supreme Court plan.

Feb. 8—Sec. Wallace outlines to a meeting of farm leaders his new, many-sided farm program, including production control—but he says this new method of production control wouldn't necessarily be knocked out by the Supreme Court. At this time Roosevelt court plan seems sure to win.

Feb. 9—Fight on court plan gets hotter. Therefore—

Feb. 10—Roosevelt starts introducing each feature of new farm plan to Congress with special message. His first such message, today, is on anti-drought and rehabilitation program in Great Plains states.

Feb. 16—Roosevelt sends second message: on farm tenancy.

Feb. 17—Sec. Wallace, changing his tune of Feb. 8, says new farm program can't be carried out unless Roosevelt has his way with the court.

Feb. 18—Roosevelt sends third message: on crop insurance.

And there were signs that more farm messages were coming.

Why this extraordinary interest in a farm legislative program that is sure to slide through Congress easily? The President is a busy man. Many items of his legislative program go through as a matter of routine, and he does not send messages unless they are necessary. Why this tireless series of messages on a single subject, unless his purpose is to talk over the heads of Congress to the farmers, telling them that the new farm plan depends on his plan to pack the Supreme Court?

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